



# **! Kheis**

## **Munisipaliteit Municipality**

!Kheis Local Municipality  
Annual financial statements  
for the year ended 30 June 2014

# **!Kheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **General Information**

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|  |   |
|--|---|
| <b>Legal form of entity</b>                        | Local Municipality  |
| <b>Nature of business and principal activities</b> | Providing municipal services  |
| <b>Mayoral committee</b>                           |   |
| Mayor  | Cllr P Vries  |
| Councillors  | Cllr K Esau<br>Cllr E Cloete<br>Cllr JPI Joseph<br>Cllr AL Diergaardt<br>Cllr W Maritz<br>Cllr S Esau |
| <b>Capacity of local authority</b>                 | Low capacity municipality   |
| <b>Accounting Officer</b>                          | HT Scheepers<br>Municipal Manager   |
| <b>Chief Finance Officer (CFO)</b>                 | JD Block  |
| <b>Registered office</b>                           |   |
|  | 97 Orange Street<br>Groblershoop<br>8850  |
| <b>Business address</b>                            | 97 Orange Street<br>Groblershoop<br>8850  |
| <b>Postal address</b>                              | PO Box 176<br>Groblershoop<br>8850  |
| <b>Bankers</b>                                     | First National Bank<br>Groblershoop   |
| <b>Auditors</b>                                    | Auditor-General<br>Kimberley  |
| <b>Attorneys</b>                                   | Mjila and Partners  |

# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **General Information**

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### **Enabling Legislation**

Local Government: Municipal Finance Management Act (Act 56 of 2003)  
Local Government: Municipal Systems Act (Act 32 of 2000)  
Local Government: Municipal Structures Act (Act 117 of 1998)  
Municipal Property Rates Act (Act 6 of 2004)  
Division of Revenue Act (Act 6 of 2011)  
Municipal Planning and Performance Management Regulations Water Service Act (Act 108 of 1997)  
Housing Act (Act 107 of 1997)  
Basic Conditions of Employment Act (Act 75 of 1997)  
Supply Chain Management Regulations, 2005  
Skills Development Levies Act (Act 9 of 1999)  
Unemployment Insurance Act (Act no 30 of 1966)  
Employment Equity Act (Act 55 of 1998)  
Electricity Act (Act no 41 of 1987)  
The Income Tax Act  
Value Added Tax Act  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations

# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Index**

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

| <b>Index</b>   | <b>Page</b> |
|--|-------------|
| Accounting Officer's Responsibilities and Approval   | 5           |
| Accounting Officer's Report  | 6           |
| Statement of Financial Position  | 7           |
| Statement of Changes in Net Assets   | 8           |
| Statement of Financial Performance   | 9           |
| Cash Flow Statement  | 10          |
| Statement of Comparison of Budget and Actual Amounts   | 11 - 14     |
| Appropriation Statement  | 15 - 17     |
| Accounting Policies  | 18 - 35     |
| Notes to the Annual Financial Statements   | 36 - 66     |
| Appendixes:  |             |
| Appendix A: Schedule of External loans   | 68          |
| Appendix B: Analysis of Property, Plant and Equipment  | 71          |
| Appendix C: Segmental analysis of Property, Plant and Equipment                                    | 77          |
| Appendix D: Segmental Statement of Financial Performance   | 79          |
| Appendix E(1): Actual versus Budget (Revenue and Expenditure)                                      | 81          |
| Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)                 | 84          |
| Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act    | 85          |
| Appendix G(1): Budgeted Financial Performance (revenue and expenditure by standard classification) | 86          |
| Appendix G(2): Budgeted Financial Performance (revenue and expenditure by municipal vote)          | 88          |
| Appendix G(3): Budgeted Financial Performance (revenue and expenditure)                            | 89          |
| Appendix G(4): Budgeted Capital Expenditure by vote, standard classification and funding           | 91          |
| Appendix G(5): Budgeted Cash Flows   | 93          |

# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Index**

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### **Abbreviations**

|         |  |
|---------|--|
| COID    | Compensation for Occupational Injuries and Diseases                |
| CRR     | Capital Replacement Reserve  |
| DBSA    | Development Bank of South Africa                                   |
| SA GAAP | South African Statements of Generally Accepted Accounting Practice |
| GRAP    | Generally Recognised Accounting Practice                           |
| GAMAP   | Generally Accepted Municipal Accounting Practice                   |
| HDF     | Housing Development Fund   |
| IAS     | International Accounting Standards                                 |
| IMFO    | Institute of Municipal Finance Officers                            |
| IPSAS   | International Public Sector Accounting Standards                   |
| ME's    | Municipal Entities   |
| MEC     | Member of the Executive Council                                    |
| MFMA    | Municipal Finance Management Act                                   |
| MIG     | Municipal Infrastructure Grant (Previously CMIP)                   |
| MSIG    | Municipal Systems Improvement Grant                                |
| DWA     | Department of Water Affairs  |
| FMG     | Financial Management Grant   |

# **!Kheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Accounting Officer's Responsibilities and Approval**

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

It is acknowledged that the accounting officer is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, standards are set for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

In the opinion as accounting officer and based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The review of the municipality's cash flow forecast for the year to 30 June 2015 was done and, in the light of this review with the current financial position, it is satisfactory that the institution is financially sound to fulfill its service obligation towards its communities and existence.

The accounting officer is responsible for the preparation of these financial statements, which are set out on pages 1 to 83 in terms of section 126 (1) of the Municipal finance Management Act and which I have signed on behalf of the municipality.

I certify that salaries, allowances and benefits of councillors as disclosed in note 26 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the constitution, read with the Remuneration of Public Office Bearers Act and the minister of provincial and local government's determination in accordance with this act.

The annual financial statements set out on page 1 - 83 which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2014 and were signed on its behalf by:

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**Accounting Officer**  
**Designation**

# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

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## **Accounting Officer's Report**

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The accounting officer submits her report for the year ended 30 June 2014.

### **1. Review of activities**

#### **Main business and operations**

The municipality is engaged in providing municipal services and operates principally in the Northern Cape Province in South Africa.

The operating results and the state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comments.

### **2. Going concern**

We draw attention to the fact that at 30 June 2014, the municipality had accumulated surplus of R 136 600 375 and that the municipality's total assets exceed its liabilities by R 136 600 375.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of this is that the accounting officer continue to procure funding for the ongoing operations of the municipality

### **3. Subsequent events**

Since the appointment of the municipal manager, Ms HT Scheepers on 8 July 2013, 29 staff members embarked on a illegal strike for 3 months. The said officials had been dismissed following labour disciplinary procedures.

### **4. Accounting policies**

The annual financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### **5. Accounting Officer**

The accounting officer of the municipality during the year and to the date of this report is as follows:

|               |             |
|---------------|-------------|
| Name          | Nationality |
| H.T Scheepers | RSA Citizen |

# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Statement of Financial Position as at 30 June 2014

| Figures in Rand  | Note(s) | 2014               | 2013               |
|--|---------|--------------------|--------------------|
| <b>Assets</b>  |         |                    |                    |
| <b>Current Assets</b>  |         |                    |                    |
| Other financial assets   | 6       | 680 837            | 76 852             |
| Inventories  | 7       | 28 387             | 58 700             |
| Receivables from non-exchange transactions                         | 8       | 2 383 100          | 975 378            |
| VAT receivable   | 9       | 5 194 234          | 2 061 884          |
| Trade and other receivables from exchange transactions             | 10      | 6 349 726          | 12 443 839         |
| Cash and cash equivalents  | 11      | 1 640 828          | 1 658 186          |
|  |         | <b>16 277 112</b>  | <b>17 274 839</b>  |
| <b>Non-Current Assets</b>  |         |                    |                    |
| Property, plant and equipment                                      | 4       | 138 903 285        | 139 258 457        |
| Intangible assets  | 5       | 113 316            | 74 492             |
|  |         | <b>139 016 601</b> | <b>139 332 949</b> |
| Non-Current Assets   |         | 139 016 601        | 139 332 949        |
| Current Assets   |         | 16 277 112         | 17 274 839         |
| Non-current assets held for sale (and) (assets of disposal groups) |         | -                  | -                  |
| <b>Total Assets</b>  |         | <b>155 293 713</b> | <b>156 607 788</b> |
| <b>Liabilities</b>   |         |                    |                    |
| <b>Current Liabilities</b>   |         |                    |                    |
| Unspent conditional grants and receipts                            | 13      | 2 138 358          | 575 563            |
| Provisions   | 15      | 3 867 274          | 1 102 968          |
| Current portion of borrowings                                      |         | 1 012 676          | 727 609            |
| Payables from exchange transactions                                | 16      | 9 234 164          | 5 257 116          |
| Consumer deposits  | 17      | 68 803             | 65 439             |
|  |         | <b>16 321 275</b>  | <b>7 728 695</b>   |
| <b>Non-Current Liabilities</b>                                     |         |                    |                    |
| Finance lease obligation   | 12      | 2 204 278          | 1 651 296          |
| Other financial liabilities  | 14      | 167 785            | 506 648            |
|  |         | <b>2 372 063</b>   | <b>2 157 944</b>   |
| Non-Current Liabilities  |         | 2 372 063          | 2 157 944          |
| Current Liabilities  |         | 16 321 275         | 7 728 695          |
| Liabilities of disposal groups                                     |         | -                  | -                  |
| <b>Total Liabilities</b>   |         | <b>18 693 338</b>  | <b>9 886 639</b>   |
| Assets   |         | 155 293 713        | 156 607 788        |
| Liabilities  |         | (18 693 338)       | (9 886 639)        |
| <b>Net Assets</b>  |         | <b>136 600 375</b> | <b>146 721 149</b> |
| Accumulated surplus  |         | 136 600 375        | 146 721 149        |



# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Statement of Changes in Net Assets**

| Figures in Rand                | Accumulated<br>surplus | Total net<br>assets |
|--------------------------------|------------------------|---------------------|
| <b>Balance at 01 July 2012</b> | <b>137 841 472</b>     | <b>137 841 472</b>  |
| Changes in net assets          |                        |                     |
| Surplus for the year           | 8 879 677              | 8 879 677           |
| Total changes                  | 8 879 677              | 8 879 677           |
| <b>Balance at 01 July 2013</b> | <b>146 721 149</b>     | <b>146 721 149</b>  |
| Changes in net assets          |                        |                     |
| Surplus for the year           | (10 120 774)           | (10 120 774)        |
| Total changes                  | (10 120 774)           | (10 120 774)        |
| <b>Balance at 30 June 2014</b> | <b>136 600 375</b>     | <b>136 600 375</b>  |
| Note(s)                        |                        |                     |

# IKheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Statement of Financial Performance

| Figures in Rand   | Note(s) | 2014                | 2013                |
|---|---------|---------------------|---------------------|
| <b>Revenue</b>  |         |                     |                     |
| Sale of goods   |         | 382 670             | 306 981             |
| Rental of facilities and equipment                          | 19      | 479 099             | 718 588             |
| Property rates  | 19      | 1 780 984           | 1 512 590           |
| Service charges   | 20      | 7 692 154           | 7 231 543           |
| Government grants & subsidies                               | 21      | 37 297 631          | 35 462 445          |
| Licences and permits  |         | 184 744             | 2 023               |
| Debt Impairment Gain  |         | -                   | 2 007 216           |
| Other income  | 23      | 108 848             | 32 408              |
| Interest received - investment                              |         | 140 376             | 216 011             |
| Interest received - Receivables                             |         | -                   | 1 839 006           |
| <b>Total revenue</b>  |         | <b>48 066 506</b>   | <b>49 328 811</b>   |
| <b>Expenditure</b>  |         |                     |                     |
| Personnel   | 25      | (11 956 290)        | (10 154 377)        |
| Remuneration of councillors                                 | 26      | (1 469 533)         | (1 713 716)         |
| Debt impairment   | 27      | (12 919 458)        | -                   |
| Depreciation and amortisation                               | 29      | (14 665 905)        | (18 717 652)        |
| Finance costs   | 30      | (319 608)           | (102 479)           |
| Grants and subsidies paid - Operational (UDS Toilets)       |         | (2 839 855)         | -                   |
| Repairs and maintenance                                     |         | (664 788)           | (604 082)           |
| Bulk purchases  | 32      | (897 827)           | (582 403)           |
| General Expenses  | 24      | (12 577 731)        | (8 594 386)         |
| <b>Total expenditure</b>                                    |         | <b>(58 310 995)</b> | <b>(40 469 095)</b> |
|   |         | -                   | -                   |
| Total revenue   |         | 48 066 506          | 49 328 811          |
| Total expenditure   |         | (58 310 995)        | (40 469 095)        |
| <b>Operating (deficit) surplus</b>                          |         | <b>(10 244 489)</b> | <b>8 859 716</b>    |
| Gain on non-current assets held for sale or disposal groups |         | 123 715             | 19 961              |
| (Deficit) surplus before taxation                           |         | (10 120 774)        | 8 879 677           |
| Taxation  |         | -                   | -                   |
| <b>(Deficit) surplus for the year</b>                       |         | <b>(10 120 774)</b> | <b>8 879 677</b>    |
| <b>Attributable to:</b>                                     |         |                     |                     |
| Owners of the controlling entity                            |         | (10 120 774)        | 8 879 677           |

# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Cash Flow Statement

| Figures in Rand   | Note(s)   | 2014                | 2013                |
|---|-----------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                 |           |                     |                     |
| <b>Receipts</b>   |           |                     |                     |
| Taxation  |           | -                   | 366 913             |
| Sale of goods and services                                  |           | 2 813 494           | 2 352 883           |
| Grants  |           | 37 276 921          | 33 249 729          |
| Interest income from investing activities                   |           | 140 376             | 216 011             |
| Interest received from trading activities                   |           | -                   | 1 839 006           |
|   |           | <b>40 230 791</b>   | <b>38 024 542</b>   |
| <b>Payments</b>   |           |                     |                     |
| Employee costs  |           | (13 375 806)        | (12 604 716)        |
| Suppliers   |           | (10 385 713)        | (10 755 125)        |
| Finance costs   |           | (319 608)           | (102 479)           |
| Other payments  |           | (1 599 041)         | (1 186 485)         |
| Other cash item   |           | (1 364 366)         | -                   |
|   |           | <b>(27 044 534)</b> | <b>(24 648 805)</b> |
| Total receipts  |           | 40 230 791          | 38 024 542          |
| Total payments  |           | (27 044 534)        | (24 648 805)        |
| <b>Net cash flows from operating activities</b>             | <b>33</b> | <b>13 186 257</b>   | <b>13 375 737</b>   |
| <b>Cash flows from investing activities</b>                 |           |                     |                     |
| Purchase of property, plant and equipment                   | 4         | (12 251 400)        | (12 396 233)        |
| Proceeds from sale of property, plant and equipment         | 4         | -                   | 55 941              |
| Purchase of other intangible assets                         | 5         | (38 824)            | (67 040)            |
| <b>Net cash flows from investing activities</b>             |           | <b>(12 290 224)</b> | <b>(12 407 332)</b> |
| <b>Cash flows from financing activities</b>                 |           |                     |                     |
| Repayment of other financial liabilities                    |           | (338 863)           | (1 219 053)         |
| Movement in Conditional Grants                              |           | -                   | 412 800             |
| Finance lease payments                                      |           | (574 528)           | (320 536)           |
| <b>Net cash flows from financing activities</b>             |           | <b>(913 391)</b>    | <b>(1 126 789)</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |           | <b>(17 358)</b>     | <b>(158 384)</b>    |
| Cash and cash equivalents at the beginning of the year      |           | 1 658 186           | 1 816 570           |
| <b>Cash and cash equivalents at the end of the year</b>     | <b>11</b> | <b>1 640 828</b>    | <b>1 658 186</b>    |

# **!Kheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Statement of Comparison of Budget and Actual Amounts**

Budget on Cash Basis

|                 | Approved<br>budget | Adjustments | Final Budget | Actual amounts<br>on comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference |
|-----------------|--------------------|-------------|--------------|--|---|-----------|
| Figures in Rand |                    |             |              |  |   |           |

# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

|  | Approved<br>budget | Adjustments | Final Budget | Actual amounts<br>on comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference |
|--|--------------------|-------------|--------------|--|---|-----------|
|--|--------------------|-------------|--------------|--|---|-----------|

Figures in Rand

### Statement of Financial Performance

#### Revenue

##### Revenue by source

|  |                   |                  |                   |                   |                    |
|--|-------------------|------------------|-------------------|-------------------|--------------------|
| Property rates   | 1 708 420         | -                | 1 708 420         | 1 780 984         | 72 564             |
| Service charges  | 6 781 096         | -                | 6 781 096         | 7 692 154         | 911 058            |
| Investment revenue   | 310 298           | -                | 310 298           | 140 376           | (169 922)          |
| Transfers recognised - operational                                   | 19 771 000        | -                | 19 771 000        | 17 618 901        | (2 152 099)        |
| Other own revenue  | 2 834 481         | (522 514)        | 2 311 967         | 1 155 361         | (1 156 606)        |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>31 405 295</b> | <b>(522 514)</b> | <b>30 882 781</b> | <b>28 387 776</b> | <b>(2 495 005)</b> |

##### Expenditure by type

|  |                     |                    |                     |                     |                     |
|--|---------------------|--------------------|---------------------|---------------------|---------------------|
| Employee costs   | (14 072 971)        | -                  | (14 072 971)        | (11 956 290)        | 2 116 681           |
| Remuneration of councillors                                | (1 759 633)         | -                  | (1 759 633)         | (1 469 533)         | 290 100             |
| Debt impairment  | -                   | -                  | -                   | (12 919 458)        | (12 919 458)        |
| Depreciation & asset impairment                            | (10 190 584)        | (293 556)          | (10 484 140)        | (14 665 905)        | (4 181 765)         |
| Finance charges  | (204 000)           | -                  | (204 000)           | (319 608)           | (115 608)           |
| Materials and bulk purchases                               | (1 742 454)         | (272 738)          | (2 015 192)         | (897 827)           | 1 117 365           |
| Transfers and grants                                       | (1 890 000)         | -                  | (1 890 000)         | (2 839 855)         | (949 855)           |
| Other expenditure  | (15 709 368)        | (675 049)          | (16 384 417)        | (13 242 517)        | 3 141 900           |
| <b>Total expenditure</b>                                   | <b>(45 569 010)</b> | <b>(1 241 343)</b> | <b>(46 810 353)</b> | <b>(58 310 993)</b> | <b>(11 500 640)</b> |
| Revenue  | 31 405 295          | (522 514)          | 30 882 781          | 28 387 776          | (2 495 005)         |
| Expenditure  | (45 569 010)        | (1 241 343)        | (46 810 353)        | (58 310 993)        | (11 500 640)        |
| Other  | -                   | -                  | -                   | -                   | -                   |
| <b>Surplus</b>   | <b>(14 163 715)</b> | <b>(1 763 857)</b> | <b>(15 927 572)</b> | <b>(29 923 217)</b> | <b>(13 995 645)</b> |
| Transfers recognised - capital                             | 14 168 000          | 1 760 000          | 15 928 000          | 19 678 730          | 3 750 730           |
| <b>Surplus after capital transfers &amp; contributions</b> | <b>4 285</b>        | <b>(3 857)</b>     | <b>428</b>          | <b>(10 244 487)</b> | <b>(10 244 915)</b> |
| <b>Surplus for the year</b>                                | <b>4 285</b>        | <b>(3 857)</b>     | <b>428</b>          | <b>(10 244 487)</b> | <b>(10 244 915)</b> |

#### Reconciliation

# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

|   | Approved<br>budget | Adjustments | Final Budget        | Actual amounts<br>on comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference |
|---|--------------------|-------------|---------------------|--|---|-----------|
| Figures in Rand                             |                    |             |                     |  |   |           |
| <b>Statement of Financial Position</b>      |                    |             |                     |  |   |           |
| <b>Assets</b>                               |                    |             |                     |  |   |           |
| <b>Current Assets</b>                       |                    |             |                     |  |   |           |
| Cash  | 4 836 000          | -           | <b>4 836 000</b>    | 75 272 296                               | <b>70 436 296</b>                                   |           |
| Consumer debtors                            | 22 434 000         | -           | <b>22 434 000</b>   | 6 349 726                                | <b>(16 084 274)</b>                                 |           |
| Other debtors                               | -                  | -           | -                   | (13 936 267)                             | <b>(13 936 267)</b>                                 |           |
| Current portion of long-term<br>receivables | -                  | -           | -                   | 680 837                                  | <b>680 837</b>                                      |           |
| Inventory                                   | -                  | -           | -                   | 28 387                                   | <b>28 387</b>                                       |           |
|   | <b>27 270 000</b>  | -           | <b>27 270 000</b>   | <b>68 394 979</b>                        | <b>41 124 979</b>                                   |           |
| <b>Non-Current Assets</b>                   |                    |             |                     |  |   |           |
| Property, plant and equipment               | 75 606 000         | -           | <b>75 606 000</b>   | -  | <b>(75 606 000)</b>                                 |           |
| Intangible                                  | -                  | -           | -                   | 398 860                                  | <b>398 860</b>                                      |           |
|   | <b>75 606 000</b>  | -           | <b>75 606 000</b>   | <b>398 860</b>                           | <b>(75 207 140)</b>                                 |           |
| Non-Current Assets                          | 27 270 000         | -           | <b>27 270 000</b>   | 68 394 979                               | <b>41 124 979</b>                                   |           |
| Current Assets                              | 75 606 000         | -           | <b>75 606 000</b>   | 398 860                                  | <b>(75 207 140)</b>                                 |           |
|   | -                  | -           | -                   | -  | -   |           |
| <b>Total Assets</b>                         | <b>102 876 000</b> | -           | <b>102 876 000</b>  | <b>68 793 839</b>                        | <b>(34 082 161)</b>                                 |           |
| <b>Liabilities</b>                          |                    |             |                     |  |   |           |
| <b>Current Liabilities</b>                  |                    |             |                     |  |   |           |
| Bank overdraft                              | -                  | -           | -                   | 73 631 467                               | <b>73 631 467</b>                                   |           |
| Borrowing                                   | 315 000            | -           | <b>315 000</b>      | -  | <b>(315 000)</b>                                    |           |
| Consumer deposits                           | -                  | -           | -                   | 68 803                                   | <b>68 803</b>                                       |           |
| Trade and other payables                    | 6 723 000          | -           | <b>6 723 000</b>    | 6 178 287                                | <b>(544 713)</b>                                    |           |
| Provisions                                  | -                  | -           | -                   | 4 879 949                                | <b>4 879 949</b>                                    |           |
|   | <b>7 038 000</b>   | -           | <b>7 038 000</b>    | <b>84 758 506</b>                        | <b>77 720 506</b>                                   |           |
| <b>Non-Current Liabilities</b>              |                    |             |                     |  |   |           |
| Borrowing                                   | 3 059 000          | -           | <b>3 059 000</b>    | 2 372 063                                | <b>(686 937)</b>                                    |           |
|   | 7 038 000          | -           | <b>7 038 000</b>    | 84 758 506                               | <b>77 720 506</b>                                   |           |
|   | 3 059 000          | -           | <b>3 059 000</b>    | 2 372 063                                | <b>(686 937)</b>                                    |           |
|   | -                  | -           | -                   | -  | -   |           |
| <b>Total Liabilities</b>                    | <b>10 097 000</b>  | -           | <b>10 097 000</b>   | <b>87 130 569</b>                        | <b>77 033 569</b>                                   |           |
| Assets                                      | 102 876 000        | -           | <b>102 876 000</b>  | 68 793 839                               | <b>(34 082 161)</b>                                 |           |
| Liabilities                                 | (10 097 000)       | -           | <b>(10 097 000)</b> | (87 130 569)                             | <b>(77 033 569)</b>                                 |           |
| <b>Net Assets</b>                           | <b>92 779 000</b>  | -           | <b>92 779 000</b>   | <b>(18 336 730)</b>                      | <b>(111 115 730)</b>                                |           |
| <b>Community wealth/equity</b>              |                    |             |                     |  |   |           |
| Accumulated Surplus/(Deficit)               | -                  | -           | -                   | 136 600 377                              | <b>136 600 377</b>                                  |           |
| <b>Total community wealth/equity</b>        | -                  | -           | -                   | <b>136 600 377</b>                       | <b>136 600 377</b>                                  |           |

# **!Kheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Statement of Comparison of Budget and Actual Amounts**

Budget on Cash Basis

|                 | Approved<br>budget | Adjustments | Final Budget | Actual amounts<br>on comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference |
|-----------------|--------------------|-------------|--------------|--|---|-----------|
| Figures in Rand |                    |             |              |  |   |           |

### **Cash Flow Statement**

# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Appropriation Statement

| Figures in Rand  | Original budget     | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget        | Actual outcome      | Unauthorised expenditure | Variance            | Actual outcome as % of final budget | Actual outcome as % of original budget |
|--|---------------------|---|--------------------------|--|---|---------------------|---------------------|--------------------------|---------------------|-------------------------------------|--|
| <b>2014</b>  |                     |   |                          |  |   |                     |                     |                          |                     |                                     |  |
| <b>Financial Performance</b>   |                     |   |                          |  |   |                     |                     |                          |                     |                                     |  |
| Property rates   | 1 708 420           | -   | 1 708 420                | -  |   | 1 708 420           | 1 780 984           |                          | 72 564              | 104 %                               | 104 %                                  |
| Service charges  | 6 781 096           | -   | 6 781 096                | -  |   | 6 781 096           | 7 692 154           |                          | 911 058             | 113 %                               | 113 %                                  |
| Investment revenue   | 310 000             | -   | 310 000                  | -  |   | 310 000             | 140 376             |                          | (169 624)           | 45 %                                | 45 %                                   |
| Transfers recognised - operational                                   | 19 771 000          | -   | 19 771 000               | -  |   | 19 771 000          | 17 618 901          |                          | (2 152 099)         | 89 %                                | 89 %                                   |
| Other own revenue  | 2 834 481           | (522 514)   | 2 311 967                | -  |   | 2 311 967           | 1 279 076           |                          | (1 032 891)         | 55 %                                | 45 %                                   |
| <b>Total revenue (excluding capital transfers and contributions)</b> | <b>31 404 997</b>   | <b>(522 514)</b>                                    | <b>30 882 483</b>        | <b>-</b>                                   |   | <b>30 882 483</b>   | <b>28 511 491</b>   |                          | <b>(2 370 992)</b>  | <b>92 %</b>                         | <b>91 %</b>                            |
| Employee costs   | (14 072 971)        | -   | (14 072 971)             | -  | -   | (14 072 971)        | (11 956 290)        | -                        | 2 116 681           | 85 %                                | 85 %                                   |
| Remuneration of councillors  | (1 759 633)         | -   | (1 759 633)              | -  | -   | (1 759 633)         | (1 469 533)         | -                        | 290 100             | 84 %                                | 84 %                                   |
| Debt impairment  | -                   | -   | -                        |  |   | -                   | (12 919 458)        | -                        | (12 919 458)        | DIV/0 %                             | DIV/0 %                                |
| Depreciation and asset impairment                                    | (10 190 584)        | (293 556)   | (10 484 140)             |  |   | (10 484 140)        | (14 665 905)        | -                        | (4 181 765)         | 140 %                               | 144 %                                  |
| Finance charges  | (204 000)           | -   | (204 000)                | -  | -   | (204 000)           | (319 608)           | -                        | (115 608)           | 157 %                               | 157 %                                  |
| Materials and bulk purchases   | (1 742 454)         | (272 738)   | (2 015 192)              | -  | -   | (2 015 192)         | (897 827)           | -                        | 1 117 365           | 45 %                                | 52 %                                   |
| Transfers and grants   | (1 890 000)         | -   | (1 890 000)              | -  | -   | (1 890 000)         | (2 839 855)         | -                        | (949 855)           | 150 %                               | 150 %                                  |
| Other expenditure  | (15 709 368)        | (675 049)   | (16 384 417)             | -  | -   | (16 384 417)        | (13 242 519)        | -                        | 3 141 898           | 81 %                                | 84 %                                   |
| <b>Total expenditure</b>   | <b>(45 569 010)</b> | <b>(1 241 343)</b>                                  | <b>(46 810 353)</b>      | <b>-</b>                                   | <b>-</b>                                  | <b>(46 810 353)</b> | <b>(58 310 995)</b> | <b>-</b>                 | <b>(11 500 642)</b> | <b>125 %</b>                        | <b>128 %</b>                           |
| Total revenue (excluding capital transfers and contributions)        | 31 404 997          | (522 514)   | 30 882 483               | -  | -   | 30 882 483          | 28 511 491          | -                        | (2 370 992)         | 92 %                                | 91 %                                   |
| Total expenditure  | (45 569 010)        | (1 241 343)   | (46 810 353)             | -  | -   | (46 810 353)        | (58 310 995)        | -                        | (11 500 642)        | 125 %                               | 128 %                                  |
| <b>Surplus/(Deficit)</b>   | <b>(14 164 013)</b> | <b>(1 763 857)</b>                                  | <b>(15 927 870)</b>      | <b>-</b>                                   |   | <b>(15 927 870)</b> | <b>(29 799 504)</b> |                          | <b>(13 871 634)</b> | <b>187 %</b>                        | <b>210 %</b>                           |



# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Appropriation Statement

| Figures in Rand  | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget | Actual outcome      | Unauthorised expenditure | Variance            | Actual outcome as % of final budget | Actual outcome as % of original budget |
|--|-----------------|---|--------------------------|--|---|--------------|---------------------|--------------------------|---------------------|-------------------------------------|--|
| Transfers recognised - capital                                     | 14 168 000      | 1 760 000   | 15 928 000               | -  |   | 15 928 000   | 19 678 730          |                          | 3 750 730           | 124 %                               | 139 %                                  |
| Surplus/(Deficit)  | (14 164 013)    | (1 763 857)   | (15 927 870)             | -  | -   | (15 927 870) | (29 799 504)        | -                        | (13 871 634)        | 187 %                               | 210 %                                  |
| Capital transfers and contributions                                | 14 168 000      | 1 760 000   | 15 928 000               | -  | -   | 15 928 000   | 19 678 730          | -                        | 3 750 730           | 124 %                               | 139 %                                  |
| <b>Surplus (Deficit) after capital transfers and contributions</b> | <b>3 987</b>    | <b>(3 857)</b>                                      | <b>130</b>               | -  |   | <b>130</b>   | <b>(10 120 774)</b> |                          | <b>(10 120 904)</b> | <b>785 211)%</b>                    | <b>253 844)%</b>                       |
| Surplus (Deficit) after capital transfers and contributions        | 3 987           | (3 857)   | 130                      | -  | -   | 130          | (10 120 774)        | -                        | (10 120 904)        | 785 211)%                           | 253 844)%                              |
| <b>Surplus/(Deficit) for the year</b>                              | <b>3 987</b>    | <b>(3 857)</b>                                      | <b>130</b>               | -  |   | <b>130</b>   | <b>(10 120 774)</b> |                          | <b>(10 120 904)</b> | <b>785 211)%</b>                    | <b>253 844)%</b>                       |
| <b>Capital expenditure and funds sources</b>                       |                 |   |                          |  |   |              |                     |                          |                     |                                     |  |
| Total capital expenditure  | 14 168 000      | 1 760 000   | 15 928 000               | -  |   | 15 928 000   | 44 065              |                          | (15 883 935)        | - %                                 | - %                                    |

# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Appropriation Statement

| Figures in Rand   | Original budget  | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget     | Actual outcome   | Unauthorised expenditure | Variance         | Actual outcome as % of final budget | Actual outcome as % of original budget |
|---|------------------|---|--------------------------|--|---|------------------|------------------|--------------------------|------------------|-------------------------------------|--|
| <b>Cash flows</b>   |                  |   |                          |  |   |                  |                  |                          |                  |                                     |  |
| Net cash from (used) operating                              | 14 675 000       | 235 000   | 14 910 000               | -  |   | 14 910 000       | 13 186 257       |                          | (1 723 743)      | 88 %                                | 90 %                                   |
| Net cash from (used) investing                              | (13 786 000)     | -   | (13 786 000)             | -  |   | (13 786 000)     | (12 290 224)     |                          | 1 495 776        | 89 %                                | 89 %                                   |
| Net cash from (used) financing                              | (513 000)        | -   | (513 000)                | -  |   | (513 000)        | (913 391)        |                          | (400 391)        | 178 %                               | 178 %                                  |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <b>376 000</b>   | <b>235 000</b>                                      | <b>611 000</b>           | <b>-</b>                                   |   | <b>611 000</b>   | <b>(17 358)</b>  |                          | <b>(628 358)</b> | <b>(3)%</b>                         | <b>(5)%</b>                            |
| Cash and cash equivalents at the beginning of the year      | 4 836 000        | 235 000   | 5 071 000                | -  |   | 5 071 000        | 1 658 186        |                          | (3 412 814)      | 33 %                                | 34 %                                   |
| Net increase / (decrease) in cash and cash equivalents      | 376 000          | 235 000   | 611 000                  | -  | -   | 611 000          | (17 358)         | -                        | 628 358          | (3)%                                | (5)%                                   |
| Cash and cash equivalents at the beginning of the year      | 4 836 000        | 235 000   | 5 071 000                | -  | -   | 5 071 000        | 1 658 186        | -                        | 3 412 814        | 33 %                                | 34 %                                   |
| <b>Cash and cash equivalents at year end</b>                | <b>5 212 000</b> | <b>470 000</b>                                      | <b>5 682 000</b>         | <b>-</b>                                   |   | <b>5 682 000</b> | <b>1 640 828</b> |                          | <b>4 041 172</b> | <b>29 %</b>                         | <b>31 %</b>                            |

# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Accounting Policies**

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### **1. Presentation of Annual Financial Statements**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

#### **1.1 Significant judgements and sources of estimation uncertainty**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statement. Significant judgements include:

##### **Trade receivables / Held to maturity investments and/or loans and receivables**

The municipality assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

##### **Allowance for slow moving, damaged and obsolete stock**

An allowance is made for slow-moving, damaged and obsolete inventory to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the statement of financial performance.

##### **Fair value estimation**

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The carrying less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

##### **Provisions and contingent liabilities**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

##### **Useful lives of property, plant and equipment and intangible assets**

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

##### **Allowance for doubtful debts**

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

## **Accounting Policies**

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### **1.1 Significant judgements and sources of estimation uncertainty (continued)**

#### **GRAP 24: Presentation of Budget information**

The municipality is required to present a comparison of the budget amounts for which it is held publicly accountable. The comparison of budget and actual amounts present separately for each level of legislative oversight:

- the approved and final budget
- the adjustment budget
- the actual amounts on a comparative basis

### **1.2 Investment property**

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### **Fair value**

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measure that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity apply the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

## **Accounting Policies**

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### **1.2 Investment property (continued)**

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

### **1.3 Property, plant and equipment**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

#### **Buildings**

- |                           |             |
|---------------------------|-------------|
| • Buildings               | 25-30 Years |
| • Improvements            | 25-30 Years |
| • Recreational Facilities | 20-30 Years |

# **!Kheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Accounting Policies**

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### **1.3 Property, plant and equipment (continued)**

#### **Infrastructure**

|                          |             |
|--------------------------|-------------|
| • Roads and paving       | 30 Years    |
| • Pedestrian malls       | 15-30 years |
| • Electricity            | 20-30 years |
| • Water resevoirs        | 15-20 years |
| • Sewerage pump stations | 15-40 years |
| • Housing                | 25-30 years |

#### **Other property, plant and equipment**

|                                   |             |
|-----------------------------------|-------------|
| • Specialist vehicles             | 5-10 years  |
| • Other vehicles                  | 4-7 years   |
| • Office equipment                | 3-7 years   |
| • Furniture and Fittings          | 7-10 years  |
| • Bins and containers             | 5 years     |
| • Specialized plant and equipment | 10-15 years |
| • Other plant and equipment       | 2-5 years   |
| • Landfill sites                  | 15 years    |
| • Lease hold property             | 3-5 years   |
| • Security                        | 3-5 years   |
| •                                 |             |

### **1.4 Intangible assets**

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Accounting Policies**

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### **1.4 Intangible assets (continued)**

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| <b>Item</b>              | <b>Useful life</b> |
|--------------------------|--------------------|
| Computer software, other | 5 years            |

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

### **1.5 Financial instruments**

#### **Classification**

The municipality classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

#### **Initial recognition and measurement**

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

#### **Subsequent measurement**

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Consumer deposits are subsequently recorded in accordance with the accounting policy of trade and other payable.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### **Fair value determination**

Fair value information for trade and other receivables is determined as the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The fair values of quoted investment are based on current bid prices

If the market for a financial asset is not active ( and for unlisted securities ) , municipality established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity - specific inputs.

## **Accounting Policies**

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### **1.5 Financial instruments (continued)**

#### **Impairment of financial assets**

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

#### **Receivables from exchange transactions**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncorrectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

#### **Payables from exchange transactions**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

#### **Bank overdraft and borrowings**

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.



## **Accounting Policies**

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### **1.5 Financial instruments (continued)**

#### **Derivatives**

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

#### **Held to maturity**

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

#### **Gains and losses**

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on an available - for - sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until financial assets is derecognised, at time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
  - For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

#### **Impairment of financial assets**

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

## **Accounting Policies**

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### **1.6 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### **Finance leases - lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

#### **Operating leases - lessor**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

#### **Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### **1.7 Inventories**

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

## **Accounting Policies**

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### **1.7 Inventories (continued)**

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### **1.8 Impairment of cash-generating assets**

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or

#### **Identification**

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### **Value in use**

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

#### **Discount rate**

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

#### **Recognition and measurement (individual asset)**

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## **Accounting Policies**

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### **1.8 Impairment of cash-generating assets (continued)**

#### **Cash-generating units**

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

## **Accounting Policies**

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### **1.8 Impairment of cash-generating assets (continued)**

#### **Reversal of impairment loss**

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

#### **Redesignation**

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### **1.9 Impairment of non-cash-generating assets**

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Useful life is either:

- (b) the number of production or similar units expected to be obtained from the asset by the municipality

#### **Identification**

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

## **Accounting Policies**

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### **1.9 Impairment of non-cash-generating assets (continued)**

#### **Value in use**

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### **Depreciated replacement cost approach**

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### **Restoration cost approach**

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

#### **Service units approach**

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

#### **Recognition and measurement**

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## **Accounting Policies**

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### **1.9 Impairment of non-cash-generating assets (continued)**

#### **Reversal of an impairment loss**

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### **Redesignation**

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### **1.10 Share capital / contributed capital**

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

### **1.11 Employee benefits**

### **1.12 Provisions and contingencies**

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

# **!Kheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Accounting Policies**

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### **1.12 Provisions and contingencies (continued)**

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.



# **!Kheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Accounting Policies**

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### **1.13 Revenue from exchange transactions**

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Revenue consists primarily of grants of National- and Provincial Government, service charges, rentals, interest received and other service rendered

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

When considering the probability of the future economic benefits that will flow to the entity, consideration is given to the requirements as outlined in IGRAP 1

#### **Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### **Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Rendering of services consist out of solid waste, sanitation, sewerage and water.

#### **Interest**

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

## **Accounting Policies**

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### **1.14 Revenue from non-exchange transactions**

### **1.15 Investment income**

Investment income is recognised on a time-proportion basis using the effective interest method.

### **1.16 Borrowing costs**

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### **1.17 Comparative figures**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### **1.18 Unauthorised expenditure**

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### **1.19 Fruitless and wasteful expenditure**

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### **1.20 Irregular expenditure**

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Accounting Policies**

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### **1.20 Irregular expenditure (continued)**

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.21 Use of estimates**

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

### **1.22 Offsetting**

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

### **1.23 Housing development fund**

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

### **1.24 Investments**

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

### **1.25 Conditional grants and receipts**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### **1.26 Segmental information**

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

# **!Kheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Accounting Policies**

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### **1.27 Budget information**

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2013/07/01 to 2016/06/30.

The annual financial statements and the budget are not on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### **1.28 Related parties**

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Related party disclosures for transactions between government entities that took place on terms and conditions that are considered to be at arms length and in the ordinary course of business are not disclosed in accordance with IPSA 20 Related Party Disclosure.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling, the activities of the entity, We regard all individuals from the level of Accounting Officer and Council members as well as managers and directors reporting directly to the municipal manager as key management per the definition of the financial reporting standard.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

### **1.29 Value added tax**

The municipality is registered with SARS for VAT on the payment basis, in accordance with Sec 15(2)(a) of the Value-Added tax Act No 89 of 1991.

# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Notes to the Annual Financial Statements**

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| Figures in Rand | 2014 | 2013 |
|-----------------|------|------|
|-----------------|------|------|

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### **2. Changes in accounting policy**

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2013 is as follows:

#### **Statement of financial position**

##### **Cash flow statement**

Management do not have sufficient records relating to interest capitalised on plant and equipment to enable retrospective expensing of borrowing cost. For this reason the change in accounting policy is applied prospectively.

# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Notes to the Annual Financial Statements**

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### **3. New standards and interpretations**

#### **3.1 Standards and interpretations effective and adopted in the current year**

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

| <b>Standards/Interpretation:</b>  | <b>Effective date:<br/>Years beginning on or<br/>after</b> | <b>Expected impact:</b>   |
|---|--|---|
| GRAP GRAP 25: Employee benefits   | 01 April 2013  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| GRAP 1 (as revised 2012): Presentation of Financial Statements                            | 01 April 2013  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors  | 01 April 2013  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| GRAP 7 (As revised 2012): Investments in Associates                                       | 01 April 2013  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| GRAP 9 (As revised 2012): Revenue from exchange Transaction                               | 01 April 2013  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| GRAP 1 (As revised 2012): Presentation of financial Statements                            | 01 April 2012  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| GRAP 3 (As revised 2012): Accounting Policies, Changes in Accounting Estimates and Errors | 01 April 2013  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| GRAP 7 (As revised 2012): Investments in Associates                                       | 01 April 2013  | It is unlikely that the standard will have a material impact on   |

# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

### 3. New standards and interpretations (continued)

|  |                   |  |
|--|-------------------|--|
|  |                   | the municipality's annual financial statements.  |
| GRAP 9 (As revised 2012): Revenue from exchange Transactions                               | 01 April 2013     | It is unlikely that the standard will have a material impact on the municipality's annual financial statements.  |
| GRAP 12 (As revised 2012): Inventories 01 April 2013 It is unlikely that standard          | 01 April 2013     | It is unlikely that the standard will have a material impact on the municipality's annual financial statements.. |
| GRAP 13 (As revised 2012): Leases  | 01 April 2013     | It is unlikely that the standard will have a material impact on the municipality's annual financial statements.  |
| GRAP 16 (As revised 2012): Investment Property   | 01 April 2013     | It is unlikely that the standard will have a material impact on the municipality's annual financial statements.  |
| GRAP 17 (As revised 2012): Property, Plant and Equipment                                   | 01 April 2013     | It is unlikely that the standard will have a material impact on the municipality's annual financial statements.  |
| GRAP 31 (As revised 2012): Intangible Assets (Replace GRAP 102)                            | 01 April 2013     | It is unlikely that the standard will have a material impact on the municipality's annual financial statements.  |
| IGRAP 1 (As revised 2012): Applying the probability test on initial recognition of revenue | 01 April 2013     | It is unlikely that the standard will have a material impact on the municipality's annual financial statements.  |
| IGRAP 16: Intangible assets website costs  | 01 April 2013     | It is unlikely that the standard will have a material impact on the municipality's annual financial statements.  |
| GRAP 106: Transfers of functions between entities not                                      | No effective date | It is unlikely that the  |

# IKheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

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### 3. New standards and interpretations (continued) under common control

standard will have a material impact on the municipality's annual financial statements.

GRAP 107: Mergers

No effective date

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 20: Related Parties

No effective date

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP 11: Consolidation - Special purpose entities

No effective date

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP 12: Jointly controlled entities - Non - monetary contribution by ventures

No effective date

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.



# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Notes to the Annual Financial Statements**

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### **3. New standards and interpretations (continued)**

#### **3.2 Standards and interpretations issued, but not yet effective**

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2014 or later periods:

| <b>Standards/Interpretation:</b>   | <b>Effective date:<br/>Years beginning on or<br/>after</b> | <b>Expected impact:</b>   |
|--|--|---|
| GRAP 6: Consolidated and separate Financial Statements   | 01 April 2015  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| GRAP 7: Investments in Associates  | 01 April 2015  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| GRAP 8: Interest in Joint Ventures   | 01 April 2015  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| GRAP 32: Service Concession Arrangements: Grantor  | 01 April 2015  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| GRAP 108: Statutory Receivables  | 01 April 2015  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset | 01 April 2015  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |

# IKheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

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### 3. New standards and interpretations (continued)

#### 3.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2014 or later periods but are not relevant to its operations:

| <b>Standards/Interpretation:</b>   | <b>Effective date:<br/>Years beginning on or<br/>after</b> | <b>Expected impact:</b>   |
|--|--|---|
| GRAP 6 (As revised 2010): Consolidated and Separate Financial Statements | 01 April 2014  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| GRAP 8: (As revised 2010): Interest in Joint Ventures                    | 01 April 2014  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| GRAP 27: (As revised 2012): Agriculture (Replaces GRAP 101)              | 01 April 2013  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| GRAP 104: Heritage Assets  | 01 April 2012  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| GRAP 105: Transfers of functions between entities under common control   | 01 April 2014  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| GRAP 106: Transfers of functions between entities under common control   | 01 April 2014  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| GRAP 107: Mergers  | 01 April 2014  | It is unlikely that the standard will have a material impact on the municipality's annual financial statements. |
| IGRAP 11: Consolidation - Special purpose entities                       | 01 April 2014  | It is unlikely that the standard will have a  |

# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Notes to the Annual Financial Statements**

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### **3. New standards and interpretations (continued)**

IGRAP 12: Jointly controlled entities - Non - monetary contributions 01 April 2014  
by ventures

material impact on the municipality's annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

Figures in Rand

2014

2013

### 4. Property, plant and equipment

|  | 2014                |   |                    | 2013                |   |                    |
|--|---------------------|---|--------------------|---------------------|---|--------------------|
|  | Cost /<br>Valuation | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value     | Cost /<br>Valuation | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value     |
| Buildings                              | 36 694 917          | (3 150 776)   | 33 544 141         | 36 694 917          | (2 594 701)   | 34 100 216         |
| Infrastructure                         | 119 616 046         | (50 565 508)  | 69 050 538         | 98 030 057          | (44 942 402)  | 53 087 655         |
| Community                              | 70 651 760          | (40 912 708)  | 29 739 052         | 70 316 675          | (35 059 789)  | 35 256 886         |
| Other property, plant and<br>equipment | 8 291 474           | (4 520 600)   | 3 770 874          | 18 829 652          | (3 745 367)   | 15 084 285         |
| Lease hold assets                      | 3 426 955           | (628 275)   | 2 798 680          | 2 201 523           | (472 108)   | 1 729 415          |
| <b>Total</b>                           | <b>238 681 152</b>  | <b>(99 777 867)</b>   | <b>138 903 285</b> | <b>226 072 824</b>  | <b>(86 814 367)</b>   | <b>139 258 457</b> |

### Reconciliation of property, plant and equipment - 2014

|  | Opening<br>balance | Additions         | Disposals          | Other changes,<br>movements | Depreciation        | Total              |
|--|--------------------|-------------------|--------------------|-----------------------------|---------------------|--------------------|
| Buildings                              | 36 694 917         | -                 | -                  | -                           | (3 150 776)         | 33 544 141         |
| Infrastructure                         | 98 030 057         | 11 770 843        | (1 902 524)        | 11 717 669                  | (50 565 508)        | 69 050 537         |
| Community                              | 70 316 675         | 335 085           | -                  | -                           | (40 912 707)        | 29 739 053         |
| Other property, plant and<br>equipment | 8 189 475          | 101 999           | -                  | -                           | (4 520 600)         | 3 770 874          |
| Other leased Assets                    | 2 201 523          | 3 426 955         | (2 201 523)        | -                           | (628 275)           | 2 798 680          |
|  | <b>215 432 647</b> | <b>15 634 882</b> | <b>(4 104 047)</b> | <b>11 717 669</b>           | <b>(99 777 866)</b> | <b>138 903 285</b> |

### Reconciliation of property, plant and equipment - 2013

|                                     | Opening<br>balance | Depreciation        | Total              |
|-------------------------------------|--------------------|---------------------|--------------------|
| Buildings                           | 36 694 917         | (2 594 701)         | 34 100 216         |
| Infrastructure                      | 98 030 057         | (44 942 402)        | 53 087 655         |
| Community                           | 70 316 675         | (35 059 789)        | 35 256 886         |
| Other property, plant and equipment | 18 896 692         | (3 737 915)         | 15 158 777         |
| Other leased Assets                 | 2 201 523          | (472 108)           | 1 729 415          |
|                                     | <b>226 139 864</b> | <b>(86 806 915)</b> | <b>139 332 949</b> |

### Assets subject to finance lease (Net carrying amount)

|                     |           |           |
|---------------------|-----------|-----------|
| Other leased Assets | 2 798 680 | 1 729 415 |
|---------------------|-----------|-----------|

### Other information

### Details of properties

### Reconciliation of Work-in-Progress 2014

# IKheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

Figures in Rand 2014 2013

### 5. Intangible assets

|                         | 2014                |   |                | 2013                |   |                |
|-------------------------|---------------------|---|----------------|---------------------|---|----------------|
|                         | Cost /<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying value | Cost /<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying value |
| Licenses and franchises | 170 189             | (56 873)  | 113 316        | 131 365             | (56 873)  | 74 492         |

#### Reconciliation of intangible assets - 2014

|                         | Opening<br>balance | Additions | Depreciation | Total   |
|-------------------------|--------------------|-----------|--------------|---------|
| Licenses and franchises | 131 365            | 38 824    | (56 873)     | 113 316 |

#### Reconciliation of intangible assets - 2013

|                         | Opening<br>balance | Additions | Depreciation | Total  |
|-------------------------|--------------------|-----------|--------------|--------|
| Licenses and franchises | 64 325             | 67 040    | (56 873)     | 74 492 |

### 6. Other financial assets

#### At amortised cost

|   |         |        |
|---|---------|--------|
| Loans and receivables 1   | 680 837 | 76 852 |
| First National Bank - Branch: Groblershoop, Account number 711297993876 |         |        |
| Interest rate: 5,54%, Investment term is 12 months                      |         |        |
|   | -       | -      |
|   | -       | -      |
|   | 680 837 | 76 852 |

#### Current assets

|                    |         |        |
|--------------------|---------|--------|
| At amortised cost  | 680 837 | 76 852 |
| Non-current assets | -       | -      |
| Current assets     | 680 837 | 76 852 |

### 7. Inventories

|             |               |               |
|-------------|---------------|---------------|
| Inventories | 8 179         | 58 700        |
| Water       | 20 208        | -             |
|             | <b>28 387</b> | <b>58 700</b> |

#### Inventory pledged as security

No inventories have been pledged as collateral for liabilities of the municipality

### 8. Receivables from non-exchange transactions

|                       |                  |                |
|-----------------------|------------------|----------------|
| Rates and other taxes | 59 139           | 53 822         |
| Thumelo Youth Farm    | 73 130           | 73 130         |
| Various controls      | 25 349           | 25 349         |
| Sundry Debtors        | 2 225 482        | 823 077        |
|                       | <b>2 383 100</b> | <b>975 378</b> |

# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

| Figures in Rand   | 2014                | 2013                |
|---|---------------------|---------------------|
| <b>8. Receivables from non-exchange transactions (continued)</b>                                |                     |                     |
| <b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b> |                     |                     |
| Opening balance   | 19 465 807          | 21 473 023          |
| Provision for impairment  | 16 735 736          | (2 007 216)         |
|   | <b>36 201 543</b>   | <b>19 465 807</b>   |
| <b>9. VAT receivable</b>  |                     |                     |
| VAT receivable  | 5 194 234           | 2 061 884           |
| <b>10. Trade and other receivables from exchange transactions</b>                               |                     |                     |
| <b>Gross balances</b>   |                     |                     |
| Rates   | 5 215 237           | 3 432 372           |
| Water   | 12 583 899          | 10 219 296          |
| Sewerage  | 6 369 380           | 5 039 797           |
| Refuse  | 9 104 185           | 7 094 443           |
| Other Debtors   | 5 393 565           | 6 123 739           |
|   | <b>38 666 266</b>   | <b>31 909 647</b>   |
| <b>Less: Allowance for impairment</b>   |                     |                     |
| Rates   | (4 070 711)         | (2 031 974)         |
| Water   | (10 469 159)        | (6 766 202)         |
| Sewerage  | (5 273 918)         | (2 848 037)         |
| Refuse  | (7 507 264)         | (4 006 001)         |
| Old debt  | (4 995 488)         | (3 813 594)         |
|   | <b>(32 316 540)</b> | <b>(19 465 808)</b> |
| <b>Net balance</b>  |                     |                     |
| Rates   | 1 144 526           | 1 400 398           |
| Water   | 2 114 740           | 3 453 094           |
| Sewerage  | 1 095 462           | 2 191 760           |
| Refuse  | 1 596 921           | 3 088 442           |
| Old debt  | 398 077             | 2 310 145           |
|   | <b>6 349 726</b>    | <b>12 443 839</b>   |
| <b>Rates</b>  |                     |                     |
| Current (0 -30 days)  | 26 426              | 21 733              |
| 31 - 60 days  | 23 629              | 21 046              |
| 61 - 90 days  | 45 558              | 27 555              |
| 91 - 120 days   | 43 771              | 18 411              |
| 121 - 365 days  | 3 103 018           | 3 486 526           |
|   | <b>3 242 402</b>    | <b>3 575 271</b>    |
| <b>Water</b>  |                     |                     |
| Current (0 -30 days)  | 326 320             | 189 368             |
| 31 - 60 days  | 267 809             | 207 480             |
| 61 - 90 days  | 233 918             | 194 204             |
| 91 - 120 days   | 258 086             | 188 819             |
| 121 - 365 days  | 4 731 563           | 230 861             |
| > 365 days  | -                   | 2 442 362           |
|   | <b>5 817 696</b>    | <b>3 453 094</b>    |

# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Notes to the Annual Financial Statements**

| Figures in Rand   | 2014             | 2013             |
|---|------------------|------------------|
| <b>10. Trade and other receivables from exchange transactions (continued)</b> |                  |                  |
| <b>Sewerage</b>   |                  |                  |
| Current (0 -30 days)  | 157 617          | 73 455           |
| 31 - 60 days  | 141 798          | 83 499           |
| 61 - 90 days  | 141 111          | 72 573           |
| 91 - 120 days   | 140 964          | 70 373           |
| 121 - 365 days  | 2 939 853        | 70 248           |
| > 365 days  | -                | 1 821 612        |
|   | <b>3 521 343</b> | <b>2 191 760</b> |
| <b>Refuse</b>   |                  |                  |
| Current (0 -30 days)  | 226 177          | 99 453           |
| 31 - 60 days  | 217 123          | 125 748          |
| 61 - 90 days  | 214 357          | 109 226          |
| 91 - 120 days   | 212 887          | 105 348          |
| 121 - 365 days  | 4 227 640        | 101 596          |
| > 365 days  | -                | 2 547 071        |
|   | <b>5 098 184</b> | <b>3 088 442</b> |
| <b>Other (specify)</b>  |                  |                  |
| Current (0 -30 days)  | 45 368           | 30 940           |
| 31 - 60 days  | 44 243           | 30 066           |
| 61 - 90 days  | 44 147           | 29 448           |
| 91 - 120 days   | 44 209           | 27 188           |
| 121 - 365 days  | 1 402 004        | 6 048 978        |
|   | <b>1 579 971</b> | <b>6 166 620</b> |

# IKheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

| Figures in Rand   | 2014              | 2013              |
|---|-------------------|-------------------|
| <b>10. Trade and other receivables from exchange transactions (continued)</b> |                   |                   |
| <b>Summary of debtors by customer classification</b>                          |                   |                   |
| <b>Consumers</b>  |                   |                   |
| Current (0 -30 days)  | 502 816           | -                 |
| 31 - 60 days  | 530 496           | -                 |
| 61 - 90 days  | 538 495           | -                 |
| 91 - 120 days   | 546 407           | -                 |
| 121 - 365 days  | 32 505 286        | -                 |
|   | <b>34 623 500</b> | -                 |
| <b>Industrial/ commercial</b>   |                   |                   |
| Current (0 -30 days)  | 134 963           | -                 |
| 31 - 60 days  | 33 098            | -                 |
| 61 - 90 days  | 34 192            | -                 |
| 91 - 120 days   | 33 483            | -                 |
| 121 - 365 days  | 2 723 973         | -                 |
|   | <b>2 959 709</b>  | -                 |
| <b>National and provincial government</b>                                     |                   |                   |
| Current (0 -30 days)  | 51 468            | -                 |
| 31 - 60 days  | 48 748            | -                 |
| 61 - 90 days  | 28 708            | -                 |
| 91 - 120 days   | 39 554            | -                 |
| 121 - 365 days  | 970 992           | -                 |
|   | <b>1 139 470</b>  | -                 |
| <b>Total</b>  |                   |                   |
| Current (0 -30 days)  | 689 247           | -                 |
| 31 - 60 days  | 612 342           | -                 |
| 61 - 90 days  | 601 395           | -                 |
| 91 - 120 days   | 619 444           | -                 |
| 121 - 365 days  | 36 143 838        | -                 |
|   | 38 666 266        | -                 |
| Less: Allowance for impairment  | (32 316 540)      | -                 |
|   | <b>6 349 726</b>  | -                 |
| <b>Reconciliation of allowance for impairment</b>                             |                   |                   |
| Balance at beginning of the year  | 19 465 808        | 21 473 024        |
| Contributions to allowance  | 12 850 732        | (2 007 216)       |
|   | <b>32 316 540</b> | <b>19 465 808</b> |

### Consumer debtors pledged as security

None of the consumer debtors were pledged as security for any financial liability.

### Interest on consumer accounts

No interest were charged / levied on arrear consumer (debtors) accounts.

### Consumer debtors impaired

As of 30 June 2014, consumer debtors of R36 201 544 - (2013: R19 465 808 -) were impaired and provided for. In determining the recoverability of a consumer debtor, the municipality consider any change in the credit quality of the trade receivable from the date credit was granted up to the end of the reporting period.



# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

| Figures in Rand | 2014 | 2013 |
|-----------------|------|------|
|-----------------|------|------|

### 11. Cash and cash equivalents

Cash and cash equivalents consist of:

|                     |                  |                  |
|---------------------|------------------|------------------|
| Cash on hand        | 1 666            | 1 666            |
| Bank balances       | 53 726           | 503 788          |
| Short-term deposits | 1 585 436        | 1 152 732        |
|                     | <b>1 640 828</b> | <b>1 658 186</b> |

### Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings, if available:

### The municipality had the following bank accounts

| Account number / description   | Bank statement balances |                  |                  | General ledger balances |                  |                |
|--|-------------------------|------------------|------------------|-------------------------|------------------|----------------|
|  | 30 June 2014            | 30 June 2013     | 30 June 2012     | 30 June 2014            | 30 June 2013     | 30 June 2012   |
| First National Bank Branch: Groblershoop Account number: 62026193441 - Primary Account | 53 725                  | 503 789          | 500 077          | 1 206 457               | 503 789          | 500 077        |
| First National Bank Branch: Groblershoop Account number 62150559486 - FMG/MSIG         | 10 338                  | 37 568           | 13 979           | -                       | -                | -              |
| First National Bank Branch: Groblershoop Account number 62304431828 - Library Account  | 10 834                  | 97 347           | 10 006           | -                       | -                | -              |
| First National Bank Branch: Groblershoop Account number 62304432123 - LOTTO account    | 135 591                 | 381 972          | 369 049          | -                       | -                | -              |
| First National Bank Branch: Groblershoop Account number 62102417567 - MIG Account      | 1 402 539               | 7 646            | 304 945          | -                       | -                | -              |
| First National Bank Branch: Groblershoop Account number 71129793876 - BUSS Eff         | 80 836                  | 76 852           | 72 953           | 1 113 330               | 1 152 732        | -              |
| First National Bank Branch: Groblershoop Account number 62364746986 - Pula Nala        | 10 176                  | 10 092           | -                | -                       | -                | -              |
| First National Bank Branch: Groblershoop Account number 62364746580 - EPWP Account     | 15 748                  | 18 107           | -                | -                       | -                | -              |
| First National Bank Branch: Groblershoop Account number 71197351979 - Fixed Deposit    | 600 000                 | 600 000          | 600 000          | -                       | -                | -              |
| <b>Total</b>   | <b>2 319 787</b>        | <b>1 733 373</b> | <b>1 871 009</b> | <b>2 319 787</b>        | <b>1 656 521</b> | <b>500 077</b> |

# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Notes to the Annual Financial Statements**

| Figures in Rand                                    | 2014             | 2013             |
|--|------------------|------------------|
| <b>12. Finance lease obligation</b>                |                  |                  |
| <b>Minimum lease payments due</b>                  |                  |                  |
| - within one year                                  | 776 050          | 548 400          |
| - in second to fifth year inclusive                | 2 213 237        | 875 442          |
|  | 2 989 287        | 1 423 842        |
| less: future finance charges                       | (128 338)        | (104 169)        |
| <b>Present value of minimum lease payments</b>     | <b>2 860 949</b> | <b>1 319 673</b> |
| <b>Present value of minimum lease payments due</b> |                  |                  |
| - within one year                                  | 647 712          | 444 994          |
| - in second to fifth year inclusive                | 2 213 237        | 875 442          |
|  | <b>2 860 949</b> | <b>1 320 436</b> |

It is municipality policy to lease certain equipment under finance leases.

The municipality enters into a new lease agreement on 15 August 2013 of this financial year. The previous lease agreements has been cancelled. The average lease term was 5 years and the average effective borrowing rate was 5% (2013: 9%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. .

### **13. Unspent conditional grants and receipts**

**Unspent conditional grants and receipts comprises of:**

|  |                  |                |
|--|------------------|----------------|
| <b>Unspent conditional grants and receipts</b> |                  |                |
| Upgrading Boegoeberg Sportgrounds              | 131 724          | 365 715        |
| MIG Grants                                     | 2 006 634        | -              |
| Library Grant                                  | -                | 174 761        |
| MSIG   | -                | 35 087         |
|  | <b>2 138 358</b> | <b>575 563</b> |

#### **Movement during the year**

|                                      |                  |                |
|--------------------------------------|------------------|----------------|
| Balance at the beginning of the year | 575 563          | 1 048 621      |
| Additions during the year            | 1 562 795        | (473 058)      |
|                                      | <b>2 138 358</b> | <b>575 563</b> |

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

The municipality has complied with all the conditions set by the transferring organs of state or the conditions set by the other institutions who made allocations to the municipality. The unspent portion of conditional allocations are disclosed as unspent conditional grants on the face value of the Statement of Financial Position of the municipality.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

# IKheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

| Figures in Rand | 2014 | 2013 |
|-----------------|------|------|
|-----------------|------|------|

### 14. Other financial liabilities

#### Designated at fair value

DBSA Loan @ 5%

167 785 506 648

The interest rate on the DBSA loan are fixed at 5%. Installments are payable on a three (3) monthly basis per year during September, December, March and June. The loan are redeemable on 31 March 2015.

#### Non-current liabilities

Designated at fair value

167 785 506 648

### 15. Provisions

#### Reconciliation of provisions - 2014

|                              | Opening Balance  | Additions        | Total            |
|------------------------------|------------------|------------------|------------------|
| Environmental rehabilitation | -                | 2 719 299        | 2 719 299        |
| Bonus and leave accruals     | 1 102 968        | 45 007           | 1 147 975        |
|                              | <b>1 102 968</b> | <b>2 764 306</b> | <b>3 867 274</b> |

#### Reconciliation of provisions - 2013

|                          | Opening Balance | Additions | Total     |
|--------------------------|-----------------|-----------|-----------|
| Bonus and leave accruals | 877 664         | 225 304   | 1 102 968 |

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, (Act 28 of 2002). The provision was determined by an independent expert on 19 June 2014 and approximates the discounted expected future cash flows using reasonable estimation techniques.

The consultants find that the landfill sites are non-compliant according to Chapter 3 of National Environmental Management Act (Act 107 of 1998) and Chapter 4, Section 20 and Chapter 7, Section 67 (1) (a) of the National Environmental Management: Waste Act, (Act 59 of 2008).

Some of the landfill sites are at a capacity of 80%, based on the calculations, we can dump waste for at least two additional years.

### 16. Payables from exchange transactions

|   |                  |                  |
|---|------------------|------------------|
| Debtors with credit balances                        | 872 920          | (3 514)          |
| DWAF Funds water                                    | 282 735          | 27 431           |
| Payments received in advanced - contract in process | 475 809          | 18 301           |
| Trade payables                                      | 7 602 700        | 5 214 898        |
|   | <b>9 234 164</b> | <b>5 257 116</b> |

### 17. Consumer deposits

|       |        |        |
|-------|--------|--------|
| Water | 68 803 | 65 439 |
|-------|--------|--------|

# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

| Figures in Rand                       | 2014              | 2013              |
|---------------------------------------|-------------------|-------------------|
| <b>18. Revenue</b>                    |                   |                   |
| Government grants & subsidies         | 37 297 631        | 35 462 445        |
| Interest received - Consumer accounts | -                 | 1 839 006         |
| Interest received - investment        | 140 376           | 216 011           |
| Licences and permits                  | 184 744           | 2 023             |
| Other income                          | 108 848           | 32 408            |
| Property rates                        | 1 780 984         | 1 512 590         |
| Recoveries                            | -                 | 2 007 216         |
| Rental of facilities and equipment    | 479 099           | 718 588           |
| Sale of goods                         | 382 670           | 306 981           |
| Service charges                       | 7 692 154         | 7 231 543         |
|                                       | <b>48 066 506</b> | <b>49 328 811</b> |

### The amount included in revenue arising from exchanges of goods or services are as follows:

|                                       |                  |                   |
|---------------------------------------|------------------|-------------------|
| Interest received - Consumer accounts | -                | 1 839 006         |
| Interest received - investment        | 140 376          | 216 011           |
| Licences and permits                  | 184 744          | 2 023             |
| Other income                          | 108 848          | 32 408            |
| Recoveries                            | -                | 2 007 216         |
| Rental of facilities and equipment    | 479 099          | 718 588           |
| Sale of goods                         | 382 670          | 306 981           |
| Service charges                       | 7 692 154        | 7 231 543         |
|                                       | <b>8 987 891</b> | <b>12 353 776</b> |

### The amount included in revenue arising from non-exchange transactions is as follows:

#### Taxation revenue

|                |           |           |
|----------------|-----------|-----------|
| Property rates | 1 780 984 | 1 512 590 |
|----------------|-----------|-----------|

#### Transfer revenue

|                               |                   |                   |
|-------------------------------|-------------------|-------------------|
| Government grants & subsidies | 37 297 631        | 35 462 445        |
|                               | <b>39 078 615</b> | <b>36 975 035</b> |

## 19. Property rates

### Rates received

|             |           |           |
|-------------|-----------|-----------|
| Residential | 1 780 984 | 1 512 590 |
|-------------|-----------|-----------|

### Valuations

|                          |                    |                    |
|--------------------------|--------------------|--------------------|
| Residential              | 97 577 400         | 97 577 400         |
| Commercial               | 20 220 000         | 20 220 000         |
| State                    | 15 790 100         | 15 790 100         |
| Municipal                | 11 017 000         | 11 017 000         |
| Small holdings and farms | 430 318 000        | 430 318 000        |
| Public Worship           | 8 982 000          | 8 982 000          |
|                          | <b>583 904 500</b> | <b>583 904 500</b> |

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on an annual basis with the final date for payment being 30 June 2014 ().

The new general valuation will be implemented on 01 July 2014.

# **!Kheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Notes to the Annual Financial Statements**

| Figures in Rand                 | 2014             | 2013             |
|---------------------------------|------------------|------------------|
| <b>20. Service charges</b>      |                  |                  |
| Refuse removal                  | 2 268 775        | 2 070 651        |
| Sale of water                   | 3 754 632        | 3 628 291        |
| Sewerage and sanitation charges | 1 668 747        | 1 532 601        |
|                                 | <b>7 692 154</b> | <b>7 231 543</b> |

# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

| Figures in Rand                            | 2014              | 2013              |
|--|-------------------|-------------------|
| <b>21. Government grants and subsidies</b> |                   |                   |
| <b>Operating grants</b>                    |                   |                   |
| Equitable share                            | 16 217 000        | 15 336 000        |
| Equitable Share - Income for gone          | (1 679 947)       | (1 886 748)       |
| Finance Management Grant                   | 1 700 000         | 1 500 000         |
| Library Grant                              | 506 761           | 172 239           |
| Municipal System Improvement Grant         | 875 087           | 764 913           |
| Water Income - DWA                         | -                 | 2 300 000         |
|  | <b>17 618 901</b> | <b>18 186 404</b> |
| <b>Capital grants</b>                      |                   |                   |
| Expanded Public Works Programme (EPWP)     | 3 125 373         | 2 723 729         |
| Municipal Infrastructure Grant (MIG)       | 16 319 366        | 14 552 312        |
| National Lottery Fund                      | 233 991           | -                 |
|  | <b>19 678 730</b> | <b>17 276 041</b> |
|  | <b>37 297 631</b> | <b>35 462 445</b> |

### Conditional and Unconditional

Included in above are the following grants and subsidies received:

|                               |                   |                   |
|-------------------------------|-------------------|-------------------|
| Conditional grants received   | 19 298 848        | 18 186 404        |
| Unconditional grants received | 19 678 730        | 17 276 041        |
|                               | <b>38 977 578</b> | <b>35 462 445</b> |

### Equitable Share

In terms of the Division of Revenue Act, the annual equitable share allocated to the municipality is an unconditional grant. A portion of this grant is used to subsidise the provision of basic services to indigent community members in line with national policy. In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of R248,24 - (2013: R 282,99), which is funded from the grant.

### MIG Grant

|   |                  |              |
|---|------------------|--------------|
| Balance unspent at beginning of year    | -                | 682 312      |
| Current-year receipts                   | 18 326 000       | 13 870 000   |
| Conditions met - transferred to revenue | (16 319 366)     | (14 552 312) |
|   | <b>2 006 634</b> | <b>-</b>     |

Conditions still to be met - remain liabilities (see note 13).

The grant is used to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households. The grant was used to construct roads infrastructure as part of the upgrading of informal settlement areas. The grant was also allocated for the eradication of the bucket system by building UDS toilets for the community of !Kheis.

### Department of Water Affairs

|   |          |             |
|---|----------|-------------|
| Current-year receipts                   | -        | 2 300 000   |
| Conditions met - transferred to revenue | -        | (2 300 000) |
|   | <b>-</b> | <b>-</b>    |

# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

| Figures in Rand  | 2014           | 2013           |
|--|----------------|----------------|
| <b>21. Government grants and subsidies (continued)</b>   |                |                |
| Conditions still to be met - remain liabilities (see note 13).   |                |                |
| The purpose of the grant is to fund internal infrastructure for water services at a basic level of service.  |                |                |
| <b>Expanded Public Works Programme (EPWP)</b>  |                |                |
| Current-year receipts  | 3 125 373      | 2 723 729      |
| Conditions met - transferred to revenue  | (3 125 373)    | (2 723 729)    |
|  | -              | -              |
| Conditions still to be met - remain liabilities (see note 13).   |                |                |
| The grant is to be utilised for salary expenses in regards to the expanded public works programme. The grant is in regards to the upgrading of the municipal offices. Grants received for the upgrading of the municipal offices and upgrading of internal streets.                        |                |                |
| <b>Upgrading Boegoeberg Sportgrounds</b>   |                |                |
| Balance unspent at beginning of year   | 365 715        | 365 715        |
| Conditions met - transferred to revenue  | (233 991)      | -              |
|  | <b>131 724</b> | <b>365 715</b> |
| Conditions still to be met - remain liabilities (see note 13).   |                |                |
| The grant was utilised for the upgrading of the Boegoeberg Sportgrounds.   |                |                |
| <b>Finance Management Grant</b>  |                |                |
| Current-year receipts  | 1 700 000      | 1 500 000      |
| Conditions met - transferred to revenue  | (1 700 000)    | (1 500 000)    |
|  | -              | -              |
| Conditions still to be met - remain liabilities (see note 13).   |                |                |
| The purpose of the grant is to promote and support reforms to financial management and the implementation of the MFMA.   |                |                |
| <b>Municipal Systems Improvement Grant (MSIG)</b>  |                |                |
| Balance unspent at beginning of year   | 35 087         | -              |
| Current-year receipts  | 840 000        | 800 000        |
| Conditions met - transferred to revenue  | (875 087)      | (764 913)      |
|  | -              | <b>35 087</b>  |
| Conditions still to be met - remain liabilities (see note 13).   |                |                |
| The purpose of the grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act, and related Legislation, policies and the local government turnaround strategy. |                |                |
| <b>Library Grant</b>   |                |                |
| Balance unspent at beginning of year   | 174 761        | -              |
| Current-year receipts  | 332 000        | 347 000        |
| Conditions met - transferred to revenue  | (506 761)      | (172 239)      |

# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Notes to the Annual Financial Statements**

| Figures in Rand | 2014 | 2013 |
|-----------------|------|------|
|-----------------|------|------|

### **21. Government grants and subsidies (continued)**

|   |                |
|---|----------------|
| - | <b>174 761</b> |
|---|----------------|

Conditions still to be met - remain liabilities (see note 13).

The grant is to be utilised for the programme cost of the library and other costs as per the library proposal.

### **Changes in level of government grants**

Based on the allocations set out in the Division of Revenue Act, (Act 5 of 2013), no significant changes in the level of government grant funding are expected over the forthcoming 2 financial years.

### **22. Other revenue**

|                           |                |                  |
|---------------------------|----------------|------------------|
| Debt impairment recovered | -              | 2 007 216        |
| Other income - (rollup)   | 108 848        | 32 408           |
|                           | <b>108 848</b> | <b>2 039 624</b> |

### **23. Other income**

|                        |                |               |
|------------------------|----------------|---------------|
| Building Plan fees     | 3 697          | 6 478         |
| Clearance Certificates | 10 286         | 2 155         |
| Commission received    | 2 139          | 4 147         |
| Faxes                  | -              | 36            |
| Graves fees            | 1 061          | 1 867         |
| Hawkers Licenses       | 5 831          | 2 175         |
| Library fines          | 31 393         | 1 626         |
| Photocopies            | -              | 75            |
| Sale of soil           | 316            | 172           |
| Tender documents       | 20 763         | 10 851        |
| Transport              | 33 362         | 2 826         |
|                        | <b>108 848</b> | <b>32 408</b> |



# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Notes to the Annual Financial Statements**

| Figures in Rand                   | 2014              | 2013             |
|-----------------------------------|-------------------|------------------|
| <b>24. General expenses</b>       |                   |                  |
| Administrative Costs              | 274 718           | 2 062 985        |
| Advertising                       | 97 523            | 64 907           |
| Auditors remuneration             | 837 507           | 180 529          |
| Bank charges                      | 46 391            | 32 364           |
| Chemicals                         | 296 435           | 92 973           |
| Cleaning                          | 77 776            | 96 289           |
| Computer expenses                 | 856 684           | 73 212           |
| Consulting and professional fees  | 3 069 999         | 387 615          |
| Electricity                       | 1 608 493         | 1 436 628        |
| Entertainment                     | 41 956            | 98 836           |
| EPWP Incentive                    | 423               | 1 222 273        |
| Fuel and oil                      | 451 138           | 588 532          |
| Insurance                         | 54 046            | 185 321          |
| Lease rentals on operating lease  | 7 158             | 6 973            |
| Levies                            | 50 815            | 38 432           |
| License fees - Computers          | 65 414            | 163 646          |
| Opleidingsheffings (Nywerh)       | 180 257           | 242 378          |
| Other expenses                    | 183 292           | 435 470          |
| Postage and courier               | 22 726            | 51 858           |
| Printing and stationery           | 92 392            | 105 997          |
| Protective clothing               | 56 537            | 33 581           |
| Provision for landfill site       | 2 719 298         | -                |
| Royalties and license fees        | 49 576            | 6 986            |
| Salary and wages                  | 89 004            | 108 018          |
| Security                          | 6 243             | 5 529            |
| Subscriptions and membership fees | 829 720           | 260 309          |
| Telephone and fax                 | 197 472           | 194 110          |
| Training                          | 8 877             | 38 806           |
| Travel - local                    | 305 861           | 379 829          |
|                                   | <b>12 577 731</b> | <b>8 594 386</b> |

# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Notes to the Annual Financial Statements**

| Figures in Rand  | 2014              | 2013              |
|--|-------------------|-------------------|
| <b>25. Employee related costs</b>                                  |                   |                   |
| Basic  | 9 726 253         | 7 466 667         |
| Bonus  | 554 031           | 574 203           |
| Housing benefits and allowances                                    | 10 012            | 22 683            |
| Leave payouts  | -                 | 184 867           |
| Leave pay provision charge   | 20 132            | -                 |
| Medical aid - company contributions                                | 99 639            | 158 950           |
| Overtime payments  | 35 482            | 63 193            |
| Pensionfund Contributions  | 856 234           | 1 044 551         |
| Travel, motor car, accommodation, subsistence and other allowances | 587 263           | 574 320           |
| UIF  | 67 244            | 64 943            |
|  | <b>11 956 290</b> | <b>10 154 377</b> |

### **Remuneration of municipal manager**

|   |                |                |
|---|----------------|----------------|
| Annual Remuneration                             | 460 500        | 335 200        |
| Car Allowance                                   | 138 150        | 97 881         |
| Cellphone Allowance                             | 6 000          | 6 000          |
| Contributions to UIF, Medical and Pension Funds | 61 019         | 32 364         |
|   | <b>665 669</b> | <b>471 445</b> |

### **Remuneration of chief finance officer**

|   |                |                |
|---|----------------|----------------|
| Annual Remuneration                             | 334 548        | 339 196        |
| Car Allowance                                   | 111 579        | 103 509        |
| Cellphone Allowance                             | 6 342          | 6 000          |
| Contributions to UIF, Medical and Pension Funds | 16 727         | 28 179         |
|   | <b>469 196</b> | <b>476 884</b> |

### **Remuneration of Technical Director**

|                     |                |          |
|---------------------|----------------|----------|
| Annual Remuneration | 334 548        | -        |
| Car Allowance       | 82 960         | -        |
| Cellphone Allowance | 4 806          | -        |
|                     | <b>422 314</b> | <b>-</b> |

### **Remuneration of corporate services director**

|   |                |                |
|---|----------------|----------------|
| Annual Remuneration                             | 334 548        | 287 233        |
| Car Allowance                                   | 111 579        | 84 308         |
| Cellphone Allowance                             | 6 342          | 6 000          |
| Contributions to UIF, Medical and Pension Funds | 16 727         | 11 421         |
|   | <b>469 196</b> | <b>388 962</b> |

### **26. Remuneration of councillors**

|             |           |           |
|-------------|-----------|-----------|
| Councillors | 1 469 533 | 1 713 716 |
|-------------|-----------|-----------|

### **In-kind benefits**

The Mayor is full-time. He is provided with an office and secretarial support at the cost of the Council.

# **!Kheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Notes to the Annual Financial Statements**

| Figures in Rand   | 2014           | 2013             |
|---|----------------|------------------|
| <b>27. Debt impairment</b>  |                |                  |
| Debt impairment   | 12 919 458     | -                |
| Bad debt to the amount of R 68 26,88 has been written off during the year under review. |                |                  |
| <b>28. Interest earned - External invest</b>  |                |                  |
| <b>Dividend revenue</b>   |                |                  |
| Associates - Local  | -              | 1 839 006        |
| <b>Interest revenue</b>   |                |                  |
| Bank  | 140 376        | 216 011          |
|   | -              | 1 839 006        |
|   | 140 376        | 216 011          |
|   | <b>140 376</b> | <b>2 055 017</b> |
| <b>29. Depreciation and amortisation</b>  |                |                  |
| Property, plant and equipment   | 14 665 905     | 18 717 652       |
| <b>30. Finance costs</b>  |                |                  |
| Non-current borrowings  | 319 608        | 102 479          |
| <b>31. Auditors' remuneration</b>   |                |                  |
| Fees  | 837 507        | 180 529          |
| <b>32. Bulk purchases</b>   |                |                  |
| Water   | 897 827        | 582 403          |

# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

| Figures in Rand  | 2014              | 2013              |
|--|-------------------|-------------------|
| <b>33. Cash generated from operations</b>              |                   |                   |
| (Deficit) surplus                                      | (10 120 774)      | 8 879 677         |
| <b>Adjustments for:</b>                                |                   |                   |
| Depreciation and amortisation                          | 14 665 905        | 18 717 652        |
| Loss on sale of non-current assets and disposal groups | (123 715)         | (19 961)          |
| Finance costs - Finance leases                         | 319 608           | 102 479           |
| Interest income  | -                 | (1 839 006)       |
| Interest earned - Investment                           | (140 376)         | (216 011)         |
| Debt impairment  | 12 919 458        | -                 |
| Movements in operating lease assets and accruals       | -                 | (2 007 216)       |
| Movements in provisions                                | 2 764 306         | 225 304           |
| Other non-cash items                                   | (153 194)         | (194 132)         |
| <b>Changes in working capital:</b>                     |                   |                   |
| Inventories  | 30 313            | (20 207)          |
| Other receivables from non-exchange transactions       | (1 407 722)       | (67 474)          |
| Consumer debtors                                       | (6 825 345)       | (8 494 414)       |
| Investments  | (600 085)         | (20 744)          |
| Payables from exchange transactions                    | 3 977 048         | (1 136 114)       |
| VAT  | (3 132 350)       | (67 713)          |
| Unspent conditional grants and receipts                | 1 562 795         | (472 464)         |
| Current accruals                                       | 3 364             | 6 081             |
| Finance lease liability                                | (552 979)         | -                 |
|  | <b>13 186 257</b> | <b>13 375 737</b> |

## 34. Commitments

### Authorised capital expenditure

#### Already contracted for but not provided for

|                                 |           |            |
|---------------------------------|-----------|------------|
| • Property, plant and equipment | 2 876 365 | 14 837 866 |
|---------------------------------|-----------|------------|

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

# IKheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

| Figures in Rand | 2014 | 2013 |
|-----------------|------|------|
|-----------------|------|------|

### 35. Related parties

#### 35.1 Interest of Related Parties

Councillors and/or management of the municipality have relationship with businesses as indicated below:

| Name of Related Person | Designation                | Related Party |
|------------------------|----------------------------|---------------|
| Cllr P Vries           | Mayor                      | None          |
| Cllr K Esau            | Councillor                 | None          |
| Cllr S Esau            | Councillor                 | None          |
| Cllr E Cloete          | Councillor                 | None          |
| Cllr JPI Joseph        | Councillor                 | None          |
| Cllr AL Diergaardt     | Councillor                 | None          |
| Cllr W Maritz          | Councillor                 | None          |
| HT Scheepers           | Municipal manager          | None          |
| JD Block               | Chief financial officer    | None          |
| D Dolopi               | Technical director         | None          |
| ED De Klerk            | Corporate service director | None          |

#### 35.2 Service rendered to Related Parties.

The municipality did not render any service other than the normal municipal billings on the approved tariff structure of the municipality to councillors and top management.

### Related party transactions

| Related Party     |        |   |
|-------------------|--------|---|
| Cllr W Maritz     | 3 063  | - |
| Cllr A Diergaardt | 4 357  | - |
| Cllr P Vries      | 10 252 | - |
| Cllr K Esau       | 3 492  | - |
| Cllr E Cloete     | 5 256  | - |
| Cllr JPI Joseph   | 3 984  | - |
| Cllr S Esau       | 4 099  | - |
| ED De Klerk       | 6 505  | - |
| HT Scheepers      | 128    | - |
| Total             | 41 138 | - |

# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

| Figures in Rand | 2014 | 2013 |
|-----------------|------|------|
|-----------------|------|------|

### 36. Prior period errors

#### 30 June 2013

##### Property, Plant and Equipment

Property, Plant and Equipment were depreciated at the tax rates. The useful lives and residual values were not appropriately considered.

The methodology on the compilation of the fixed asset register was previously not available to confirm the figures on the asset register for the prior year. This has been corrected and a fixed asset register with all formulae are available for audit as on 30 June 2013.

Electricity network does not form part of !Kheis Municipality's assets. Electricity network amounting to R 4 104 156 were part of the asset register of 30 June 2012 and has been taken out. Journal was passed to correct this error.

Correction journal of R 9 002 718 has been processed on the system in order to reconcile the Fixed Asset Register with the SAMRAS financial system in the asset register.

##### Trade and other receivables from exchange transactions

Belasting kontrole, Belasting Afwag rekening and Kontrole Saal Deposits has been reclassified as trade and other receivables from exchange transactions.

##### Receivables from non-exchange transactions

Belasting kontrole reclassified as trade and other receivables from exchange transactions

##### Taxes and Transfer Payables (Non Exchange)

Behuising Topline reclassified from Unspent Conditional Grants to Trade and other payables non-exchange

##### Trade and other payables from exchange transactions

DWAF Fondse Water reclassified from Unspent Conditional Grants and receipts to Trade and other payables from exchange transactions. Belasting Afwag rekening and Kontrole Saal Deposits has been reclassified as trade and other receivables from exchange transactions.

##### Unspent Conditional Grants and Receipts

DWAF Fondse Water and Behuising Topline reclassified as Trade and other receivables

The correction of the error(s) results in adjustments as follows:

##### Statement of financial position

|  |   |             |
|--|---|-------------|
| Deferred tax                               | - | (60 458)    |
| Property, plant and equipment              | - | 9 002 718   |
| Property, plant and equipment              | - | 9 002 718   |
| Opening Accumulated Surplus or Deficit     | - | 26 701      |
| Property, plant and equipment              | - | (4 104 156) |
| Property, plant and equipment              | - | (4 104 156) |
| Receivables from non-exchange transactions | - | (31 324)    |
| Taxes and Transfer Payables (Non Exchange) | - | 11 195      |
| Unspent Conditional Grants and Receipt     | - | 3 163       |

### 37. Comparative figures

The reporting period is equal to a year, therefore comparative amounts are comparable to the current balances.

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

| Figures in Rand | 2014 | 2013 |
|-----------------|------|------|
|-----------------|------|------|

### 38. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 39. Events after the reporting date

In September 2013, 29 employee's services were terminated for absenteeism and gross insubordination after they participated in an illegal strike. The bargaining council ruled in their favour on the 28th July after mediation and arbitration hearing held in Uptington. Council decided on council meeting on the 7th of August 2014 to appeal the ruling in the labour court. The outcome of this appeal is unknown at time of submission of annual financial statement and may have a material impact on !Kheis Municipality's going concern, as this may result in court ordering the council to reinstate these employees retrospectively even though new employees have already been appointed.

### 40. Unauthorised expenditure

|                                    |          |             |
|------------------------------------|----------|-------------|
| Unauthorised expenditure           | 85 148   | 2 667 100   |
| Condoned (Prior Period Correction) | -        | (2 667 100) |
| Condoned                           | (85 148) | -           |
|                                    | -        | -           |

### Additional text

### 41. Fruitless and wasteful expenditure

|  |          |           |
|--|----------|-----------|
| Fruitless and wasteful expenditure - 2013/2014 | 10 457   | -         |
| Fruitless and wasteful expenditure - 2012/2013 | -        | 472 690   |
| Condoned                                       | (10 457) | (472 690) |
|  | -        | -         |

The amount of fruitless and wasteful expenditure for 2013/2014 consists of interest paid for Eskom and Telkom.

### 42. Irregular expenditure

|   |                |                |
|---|----------------|----------------|
| Opening balance                           | 880 866        | 3 832 704      |
| Add: Irregular Expenditure - current year | 887 965        | 1 747 421      |
| Less: Amounts condoned                    | (1 334 584)    | (4 699 259)    |
|   | <b>434 247</b> | <b>880 866</b> |

### Details of irregular expenditure – current year

|   |  |                |
|---|--|----------------|
| Dionne's Trading                                      | Disciplinary steps taken/criminal proceedings<br>Highest quotations appointed. Steps will be taken to<br>recover monies from the people responsible for the<br>appointment of the service provider.  | 16 650         |
| Court case of appointment of the Municipal<br>Manager | Council made a decision according to the Court<br>ruling stating that Councillors W Maritz, S Esau and<br>AL Diergaardt are collectively and individually<br>responsible for the costs incurred in the process of<br>the appointment of Mr Ronnie van der Westhuizen.<br>Maritz and the two other are responsible for the<br>repayment of legal costs in amount of R 394 596,94<br>and advertising costs of R 23 000,00. | 417 597        |
|   |  | <b>434 247</b> |

# **IKheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Notes to the Annual Financial Statements**

| Figures in Rand | 2014 | 2013 |
|-----------------|------|------|
|-----------------|------|------|

### **43. Additional disclosure in terms of Municipal Finance Management Act**

#### **Contributions to organised local government (SALGA)**

|                                 |                |          |
|---------------------------------|----------------|----------|
| Opening balance                 | 456 500        | -        |
| Current year subscription / fee | 500 000        | -        |
| Amount paid - current year      | (300 000)      | -        |
|                                 | <b>656 500</b> | <b>-</b> |

#### **Audit fees**

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Opening balance                 | 2 464 617        | 1 940 792        |
| Current year subscription / fee | 1 146 191        | 873 825          |
| Amount paid - current year      | (226 259)        | (350 000)        |
|                                 | <b>3 384 549</b> | <b>2 464 617</b> |

#### **PAYE and UIF**

|                                 |             |           |
|---------------------------------|-------------|-----------|
| Current year subscription / fee | 1 104 016   | 939 010   |
| Amount paid - current year      | (1 104 016) | (939 010) |
|                                 | <b>-</b>    | <b>-</b>  |

#### **Pension and Medical Aid Deductions**

|                                 |             |          |
|---------------------------------|-------------|----------|
| Current year subscription / fee | 1 557 347   | -        |
| Amount paid - current year      | (1 557 347) | -        |
|                                 | <b>-</b>    | <b>-</b> |

#### **VAT**

|                |           |           |
|----------------|-----------|-----------|
| VAT receivable | 5 194 234 | 2 061 884 |
|----------------|-----------|-----------|

VAT output payables and VAT input receivables are shown in note 9.

VAT returns have been submitted to SARS for the full year under review.



# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

| Figures in Rand | 2014 | 2013 |
|-----------------|------|------|
|-----------------|------|------|

### 43. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2014:

| 30 June 2014          | Outstanding<br>less than 90<br>days | Outstanding<br>more than 90<br>days | Total         |
|-----------------------|-------------------------------------|-------------------------------------|---------------|
| Councillor JPI Joseph | 542                                 | 10 130                              | 10 672        |
| Councillor E Cloete   | 583                                 | 8 134                               | 8 717         |
| Councillor S Esau     | 520                                 | 4 203                               | 4 723         |
| Councillor K Esau     | 458                                 | 1 421                               | 1 879         |
| Councillor W Maritz   | 20                                  | 599                                 | 619           |
|                       | <b>2 123</b>                        | <b>24 487</b>                       | <b>26 610</b> |

| 30 June 2013       | Outstanding<br>less than 90<br>days | Outstanding<br>more than 90<br>days | Total         |
|--------------------|-------------------------------------|-------------------------------------|---------------|
| Cllr W Maritz      | 177                                 | 523                                 | 700           |
| Cllr P Vries       | 20 570                              | 498                                 | 21 068        |
| Cllr AL Diergaardt | 350                                 | 1 381                               | 1 731         |
| Cllr JPI Joseph    | 5 551                               | 1 202                               | 6 753         |
| Cllr K Esau        | 4 902                               | 227                                 | 5 129         |
|                    | <b>31 550</b>                       | <b>3 831</b>                        | <b>35 381</b> |

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

| 30 June 2014          | Highest<br>outstanding<br>amount | Aging<br>(in days) |
|-----------------------|----------------------------------|--------------------|
| Councillor JPI Joseph | 10 130                           | 90                 |
| Councillor E Cloete   | 8 134                            | 90                 |
| Councillor S Esau     | 4 203                            | 90                 |
| Councillor K Esau     | 1 421                            | 90                 |
| Councillor W Maritz   | 599                              | 90                 |
|                       | <b>24 487</b>                    | <b>450</b>         |

| 30 June 2013             | Highest<br>outstanding<br>amount | Aging<br>(in days) |
|--------------------------|----------------------------------|--------------------|
| Councillor P Vries       | 21 068                           | 90                 |
| Councillor JPI Joseph    | 6 753                            | 90                 |
| Councillor K Esau        | 5 129                            | 90                 |
| Councillor AL Diergaardt | 1 731                            | 90                 |
| Councillor W Maritz      | 700                              | 90                 |
|                          | <b>35 381</b>                    | <b>450</b>         |

#### Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

# **!Kheis Local Municipality**

Annual Financial Statements for the year ended 30 June 2014

## **Notes to the Annual Financial Statements**

| Figures in Rand | 2014 | 2013 |
|-----------------|------|------|
|-----------------|------|------|

### **44. Deviation from supply chain management regulations**

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that she records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

Figures in Rand

2014

2013

### 44. Deviation from supply chain management regulations (continued)

Goods and Services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

| Reference nr | Supplier Name            | Authorised | Amount     | Reason   |
|--------------|--------------------------|------------|------------|--|
| 2116         | Oranje Nissan            | Yes        | 4 884,48   | Emergency Service  |
| 2118         | Activo MG (Pty) Ltd      | Yes        | 65 600,00  | Two quotations has been received from suppliers for compiling section 72 reports                                 |
| 2119         | Oranje Nissan            | Yes        | 11 276,23  | Emergency Service  |
| 2064         | Media 24                 | Yes        | 25 906,50  | Managers position needs to be advertised in a national newspaper   |
| 2078         | URB Klank en Beeld       | Yes        | 5 704,70   | Printers were purchased at URB for guarantee   |
| 2090         | PA Stationers            | Yes        | 3 902, 70  | PA Stationers have the toners in stock, whilst the other suppliers dont have stock                               |
| 2091         | Activo MG (Pty) Ltd      | Yes        | 45 800,00  | In any other exceptional case where it is impractical or impossible to follow the official procurement processes |
| 2985         | Nashua                   | Yes        | 3 556, 80  | Only two suppliers respond on the quotation for printing paper   |
| 1986         | JAM Office Stationers    | Yes        | 4 500,00   | Only two suppliers respond on the quotation for installation of 10 computers                                     |
| 1990         | KLK Landbou Beperk       | Yes        | 23 450, 49 | If such goods or service are produced or available from a single provider only                                   |
| 2153         | PA Stationers            | Yes        | 3 889,10   | Only two quotations received   |
| 2168         | RA Beukes                | Yes        | 28 000,00  | Emergency service for Department Technical for a Ford 4000 Tractor   |
| 2002         | Broom Engineering CC     | Yes        | 3 741,83   | Emergency Service  |
| 1896         | JWJ Fourie               | Yes        | 8 527,20   | If such goods or service are produced or available from a single provider only                                   |
| 1900         | Andrag Agrico            | Yes        | 2 351,27   | If such goods or service are produced or available from a single provider only                                   |
| 2358         | Husselman Stene          | Yes        | 21 660,00  | Only one supplier respond on the quotation for bricks  |
| 2365         | Oranje Nissan            | Yes        | 6 472,50   | Service are available from a singl provider and service at the supplier  |
| 2383         | URB Klank en Beeld       | Yes        | 2 130,00   | Only the two suppliers respond for the quotation of epson LX-350+ printer for department finance                 |
| 2404         | Cornelissen Inc          | Yes        | 313,140.41 | Assits the municipality with the arbitration case  |
| 2480         | Lumber City              | Yes        | 23 577,59  | Tenderer didnt finish the RDP houses and it is the responsibility of the municipality to finish the houses       |
| 2483         | Web Ateljee              | Yes        | 14 728,80  | Single supplier of updating websites and training of responsible staff   |
| 2488         | Voltex Upington          | Yes        | 5 399,15   | If such goods or service are produced or available from a single provider only                                   |
| 2500         | Stolpers en Seuns        | Yes        | 3 580,00   | If such goods or service are produced or available from a single provider only                                   |
| 2507         | GWK Vleis/Meat (Pty) Ltd | Yes        | 2 833,26   | Office of the Mayor decide to buy the meat at GWK Vleis of Mutton C4   |
| 2526         | Elektro Vlok Cc          | Yes        | 42 955,20  | Only two quotations received, the third quotations dont sell P300  |
| 2578         | JAM Office Stationers    | Yes        | 5 970,00   | Only two suppliers responded for quotations on NOD32 for 30 computers  |
| 2193         | Thyron                   | Yes        | 8 149,95   | If such goods or service are produced or available from a single provider only                                   |

# !Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

| Figures in Rand   |                           |     |                   | 2014  | 2013 |
|---|---------------------------|-----|-------------------|---|------|
| <b>44. Deviation from supply chain management regulations (continued)</b> |                           |     |                   |   |      |
| 2584  | Activo MG (Pty) Ltd       | Yes | 77 800,00         | Emergency Services  |      |
| 2661  | Andrag Agrico             | Yes | 4 962,19          | Service are produced and available from Agrico  |      |
| 2308  | Electro Engineering       | Yes | 4 770,96          | If such goods or service are produced or available from a single provider only                                    |      |
| 2309  | Lumber City               | Yes | 9 487,40          | If such goods or service are produced or available from a single provider only                                    |      |
| 2314  | Bytes Systems Integration | Yes | 29 127,00         | If such goods or service are produced or available from a single provider only                                    |      |
| 2242  | Neville Cloete Attorneys  | Yes | 20 699,27         | Emergency Services  |      |
| 2246  | Redira Oorpakke           | Yes | 3 210,00          | Price includes the logo of the municipality on the overalls, Halsted's price excludes the logo                    |      |
| 2252  | Jeanne Mouton & Co        | Yes | 21 948,00         | Emergency Service   |      |
| 2214  | Aroma Taxi's              | Yes | 3 800,00          | Only one supplier respond for transport   |      |
| 2002  | Broom Engineering CC      | Yes | 3 741,83          | The pump was sent to the contractor for service. They determine the extent of the work after looking at the pump. |      |
| <b>Total</b>  |                           |     | <b>871 314,81</b> |   |      |

## Appendix A

June 2014

### Schedule of external loans as at 30 June 2014

| Loan Number                             | Redeemable | Balance at 30 June 2013 | Received during the period | Redeemed written off during the period | Balance at 30 June 2014 | Carrying Value of Property, Plant & Equip Rand | Other Costs in accordance with the MFMA Rand |
|---|------------|-------------------------|----------------------------|--|-------------------------|--|--|
|   |            | Rand                    | Rand                       | Rand                                   | Rand                    |  |  |
| <b>Loan Stock</b>                       |            |                         |                            |  |                         |  |  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
| <b>Structured loans</b>                 |            |                         |                            |  |                         |  |  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
| <b>Funding facility</b>                 |            |                         |                            |  |                         |  |  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
| <b>Development Bank of South Africa</b> |            |                         |                            |  |                         |  |  |
|   |            | 1 725 701               | -                          | 806 252                                | 919 449                 | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |
|   |            | -                       | -                          | -                                      | -                       | -  | -  |

## Appendix A

June 2014

### Schedule of external loans as at 30 June 2014

| Loan Number            | Redeemable | Balance at 30 June 2013 | Received during the period | Redeemed written off during the period | Balance at 30 June 2014 | Carrying Value of Property, Plant & Equip Rand | Other Costs in accordance with the MFMA Rand |
|------------------------|------------|-------------------------|----------------------------|--|-------------------------|--|--|
|                        |            | Rand                    | Rand                       | Rand                                   | Rand                    |  |  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |
|                        |            | 1 725 701               | -                          | 806 252                                | 919 449                 | -  | -  |
| <b>Bonds</b>           |            |                         |                            |  |                         |  |  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |
| <b>Other loans</b>     |            |                         |                            |  |                         |  |  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |
| <b>Lease liability</b> |            |                         |                            |  |                         |  |  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |
| <b>Annuity loans</b>   |            |                         |                            |  |                         |  |  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |
|                        |            | -                       | -                          | -                                      | -                       | -  | -  |

## June 2014

## Schedule of external loans as at 30 June 2014

## Government loans

- Loan Stock
- Structured loans
- Funding facility
- Development Bank of South Africa
- Bonds
- Other loans
- Lease liability
- Annuity loans
- Government loans

## Appendix B

June 2014

### Analysis of property, plant and equipment as at 30 June 2014

#### Cost/Revaluation      Accumulated depreciation

|  | Opening<br>Balance<br>Rand | Additions<br>Rand | Disposals<br>Rand  | Transfers<br>Rand | Revaluations<br>Rand | Work - in progress<br>assets<br>Rand | Closing<br>Balance<br>Rand | Opening<br>Balance<br>Rand | Disposals<br>Rand | Transfers<br>Rand | Depreciation<br>Rand | Impairment loss<br>Rand | Closing<br>Balance<br>Rand | Carrying<br>value<br>Rand |
|--|----------------------------|-------------------|--------------------|-------------------|----------------------|--------------------------------------|----------------------------|----------------------------|-------------------|-------------------|----------------------|-------------------------|----------------------------|---------------------------|
| <b>Land and buildings</b>  |                            |                   |                    |                   |                      |                                      |                            |                            |                   |                   |                      |                         |                            |                           |
| Land (Separate for AFS purposes)                                   | 29 473 000                 | -                 | -                  | -                 | -                    | -                                    | 29 473 000                 | -                          | -                 | -                 | -                    | -                       | -                          | 29 473 000                |
| Landfill Sites (Separate for AFS purposes)                         | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Quarries (Separate for AFS purposes)                               | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Buildings (Separate for AFS purposes)                              | 7 221 917                  | -                 | -                  | -                 | -                    | -                                    | 7 221 917                  | (2 594 701)                | -                 | -                 | (556 075)            | -                       | (3 150 776)                | 4 071 141                 |
|  | <b>36 694 917</b>          | <b>-</b>          | <b>-</b>           | <b>-</b>          | <b>-</b>             | <b>-</b>                             | <b>36 694 917</b>          | <b>(2 594 701)</b>         | <b>-</b>          | <b>-</b>          | <b>(556 075)</b>     | <b>-</b>                | <b>(3 150 776)</b>         | <b>33 544 141</b>         |
| <b>Infrastructure</b>  |                            |                   |                    |                   |                      |                                      |                            |                            |                   |                   |                      |                         |                            |                           |
| Roads  | 53 552 227                 | 11 431 212        | (1 902 524)        | -                 | -                    | 11 717 669                           | 74 798 584                 | (36 591 582)               | 1 369 817         | (62 708)          | (5 279 224)          | -                       | (40 563 697)               | 34 234 887                |
| Storm water  | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Generation   | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Transmission & Reticulation  | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Electricity Street & Highmasts                                     | 3 176 531                  | 339 632           | -                  | -                 | -                    | -                                    | 3 516 163                  | (839 073)                  | -                 | -                 | (204 349)            | -                       | (1 043 422)                | 2 472 741                 |
| Refuse Disposal Site   | 1 883 578                  | -                 | -                  | -                 | -                    | -                                    | 1 883 578                  | (604 907)                  | -                 | -                 | (108 491)            | -                       | (713 398)                  | 1 170 180                 |
| Water Network  | 20 608 152                 | -                 | -                  | -                 | -                    | -                                    | 20 608 152                 | (5 028 321)                | -                 | -                 | (930 072)            | -                       | (5 958 393)                | 14 649 759                |
| Reticulation   | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Reticulation   | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Sewerage Mains & Purification Plant                                | 18 809 569                 | -                 | -                  | -                 | -                    | -                                    | 18 809 569                 | (1 878 519)                | -                 | -                 | (408 079)            | -                       | (2 286 598)                | 16 522 971                |
| Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks) | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Housing  | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Waste Management   | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Gas  | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Other (fibre optic, WIFI infrastrucur)                             | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Other 1  | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
|  | <b>98 030 057</b>          | <b>11 770 844</b> | <b>(1 902 524)</b> | <b>-</b>          | <b>-</b>             | <b>11 717 669</b>                    | <b>119 616 046</b>         | <b>(44 942 402)</b>        | <b>1 369 817</b>  | <b>(62 708)</b>   | <b>(6 930 215)</b>   | <b>-</b>                | <b>(50 565 508)</b>        | <b>69 050 538</b>         |
| <b>Community Assets</b>  |                            |                   |                    |                   |                      |                                      |                            |                            |                   |                   |                      |                         |                            |                           |
| Parks & gardens  | 2 488 443                  | -                 | -                  | -                 | -                    | -                                    | 2 488 443                  | (6 851)                    | -                 | -                 | (4 586)              | -                       | (11 437)                   | 2 477 006                 |
| Civic Buildings  | 1 085 254                  | -                 | -                  | -                 | -                    | -                                    | 1 085 254                  | (458 154)                  | -                 | -                 | (82 886)             | -                       | (541 040)                  | 544 214                   |
| Land   | 49 851 784                 | -                 | -                  | -                 | -                    | -                                    | 49 851 784                 | (26 518 846)               | -                 | -                 | (5 303 769)          | -                       | (31 822 615)               | 18 029 169                |
| Halls  | 2 682 463                  | -                 | -                  | -                 | -                    | -                                    | 2 682 463                  | (1 104 059)                | -                 | -                 | (219 451)            | -                       | (1 323 510)                | 1 358 953                 |
| Libraries  | 2 131 789                  | -                 | -                  | -                 | -                    | -                                    | 2 131 789                  | (609 769)                  | -                 | -                 | (130 505)            | -                       | (740 274)                  | 1 391 515                 |
| Recreational Grounds   | 1 677 666                  | 335 085           | -                  | -                 | -                    | -                                    | 2 012 751                  | (592 050)                  | -                 | -                 | (89 520)             | -                       | (681 570)                  | 1 331 181                 |
| Clinics  | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Museums & art galleries  | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Water Network  | 185 646                    | -                 | -                  | -                 | -                    | -                                    | 185 646                    | (94 321)                   | -                 | -                 | (5 548)              | -                       | (99 869)                   | 85 777                    |
| Social rental housing  | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Cemeteries   | 10 213 630                 | -                 | -                  | -                 | -                    | -                                    | 10 213 630                 | (5 675 739)                | -                 | -                 | (16 655)             | -                       | (5 692 394)                | 4 521 236                 |
| Fire, safety & emergency   | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Security and policing  | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Buses  | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
|  | <b>70 316 675</b>          | <b>335 085</b>    | <b>-</b>           | <b>-</b>          | <b>-</b>             | <b>-</b>                             | <b>70 651 760</b>          | <b>(35 059 789)</b>        | <b>-</b>          | <b>-</b>          | <b>(5 852 920)</b>   | <b>-</b>                | <b>(40 912 709)</b>        | <b>29 739 051</b>         |



## Appendix B

June 2014

### Analysis of property, plant and equipment as at 30 June 2014

| Cost/Revaluation | Accumulated depreciation |
|------------------|--------------------------|
|------------------|--------------------------|

|  | Opening<br>Balance<br>Rand | Additions<br>Rand | Disposals<br>Rand | Transfers<br>Rand | Revaluations<br>Rand | Work - in progress<br>assets<br>Rand | Closing<br>Balance<br>Rand | Opening<br>Balance<br>Rand | Disposals<br>Rand | Transfers<br>Rand | Depreciation<br>Rand | Impairment loss<br>Rand | Closing<br>Balance<br>Rand | Carrying<br>value<br>Rand |
|--|----------------------------|-------------------|-------------------|-------------------|----------------------|--------------------------------------|----------------------------|----------------------------|-------------------|-------------------|----------------------|-------------------------|----------------------------|---------------------------|
| <b>Heritage assets</b>                         |                            |                   |                   |                   |                      |                                      |                            |                            |                   |                   |                      |                         |                            |                           |
| Buildings                                      | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Other  | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| <b>Specialised vehicles</b>                    |                            |                   |                   |                   |                      |                                      |                            |                            |                   |                   |                      |                         |                            |                           |
| Refuse   | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Fire   | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Conservancy                                    | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Ambulances                                     | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Buses  | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| <b>Other assets</b>                            |                            |                   |                   |                   |                      |                                      |                            |                            |                   |                   |                      |                         |                            |                           |
| Motor vehicles                                 | 5 954 513                  | 46 102            | -                 | -                 | -                    | -                                    | 6 000 615                  | (2 796 566)                | -                 | -                 | (592 027)            | -                       | (3 388 593)                | 2 612 022                 |
| Plant & equipment                              | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Computer Equipment                             | 234 888                    | 55 306            | -                 | -                 | -                    | -                                    | 290 194                    | (178 320)                  | -                 | -                 | (6 345)              | -                       | (184 665)                  | 105 529                   |
| Computer Software (part of computer equipment) | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Furniture & Fittings                           | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Office Equipment                               | 225 275                    | 5 241             | -                 | -                 | -                    | -                                    | 230 516                    | (119 162)                  | -                 | -                 | (10 002)             | -                       | (129 164)                  | 101 352                   |
| Office Equipment - Leased                      | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Abattoirs                                      | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Markets  | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Airports                                       | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Security measures                              | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Civic land and buildings                       | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Other buildings                                | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Other land                                     | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Bins and Containers                            | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Work in progress                               | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Intangible Assets                              | 131 365                    | 38 823            | -                 | -                 | -                    | -                                    | 170 188                    | (56 873)                   | -                 | -                 | -                    | -                       | (56 873)                   | 113 315                   |
| Other Assets                                   | 1 774 799                  | -                 | -                 | -                 | -                    | -                                    | 1 774 799                  | (728 131)                  | -                 | -                 | (90 046)             | -                       | (818 177)                  | 956 622                   |
| Surplus Assets - (Investment or Inventory)     | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Housing development                            | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Other  | -                          | -                 | -                 | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
|  | <b>8 320 840</b>           | <b>145 472</b>    | -                 | -                 | -                    | -                                    | <b>8 466 312</b>           | <b>(3 879 052)</b>         | -                 | -                 | <b>(698 420)</b>     | -                       | <b>(4 577 472)</b>         | <b>3 888 840</b>          |

## Appendix B

June 2014

### Analysis of property, plant and equipment as at 30 June 2014

#### Cost/Revaluation      Accumulated depreciation

|   | Opening<br>Balance<br>Rand | Additions<br>Rand | Disposals<br>Rand  | Transfers<br>Rand | Revaluations<br>Rand | Work - in progress<br>assets<br>Rand | Closing<br>Balance<br>Rand | Opening<br>Balance<br>Rand | Disposals<br>Rand | Transfers<br>Rand | Depreciation<br>Rand | Impairment loss<br>Rand | Closing<br>Balance<br>Rand | Carrying<br>value<br>Rand |
|---|----------------------------|-------------------|--------------------|-------------------|----------------------|--------------------------------------|----------------------------|----------------------------|-------------------|-------------------|----------------------|-------------------------|----------------------------|---------------------------|
| <b>Total property plant and equipment</b> |                            |                   |                    |                   |                      |                                      |                            |                            |                   |                   |                      |                         |                            |                           |
| Land and buildings                        | 36 694 917                 | -                 | -                  | -                 | -                    | -                                    | 36 694 917                 | (2 594 701)                | -                 | -                 | (556 075)            | -                       | (3 150 776)                | 33 544 141                |
| Infrastructure                            | 98 030 057                 | 11 770 844        | (1 902 524)        | -                 | -                    | 11 717 669                           | 119 616 046                | (44 942 402)               | 1 369 817         | (62 708)          | (6 930 215)          | -                       | (50 565 508)               | 69 050 538                |
| Community Assets                          | 70 316 675                 | 335 085           | -                  | -                 | -                    | -                                    | 70 651 760                 | (35 059 789)               | -                 | -                 | (5 852 920)          | -                       | (40 912 709)               | 29 739 051                |
| Heritage assets                           | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Specialised vehicles                      | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Other assets                              | 8 320 840                  | 145 472           | -                  | -                 | -                    | -                                    | 8 466 312                  | (3 879 052)                | -                 | -                 | (698 420)            | -                       | (4 577 472)                | 3 888 840                 |
|   | <b>213 362 489</b>         | <b>12 251 401</b> | <b>(1 902 524)</b> | <b>-</b>          | <b>-</b>             | <b>11 717 669</b>                    | <b>235 429 035</b>         | <b>(86 475 944)</b>        | <b>1 369 817</b>  | <b>(62 708)</b>   | <b>(14 037 630)</b>  | <b>-</b>                | <b>(99 206 465)</b>        | <b>136 222 570</b>        |
| <b>Finance Lease Assets</b>               |                            |                   |                    |                   |                      |                                      |                            |                            |                   |                   |                      |                         |                            |                           |
| Office Equipment                          | 2 201 523                  | -                 | -                  | -                 | -                    | -                                    | 2 201 523                  | (472 107)                  | -                 | -                 | -                    | -                       | (472 107)                  | 1 729 416                 |
| Other assets                              | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
|   | <b>2 201 523</b>           | <b>-</b>          | <b>-</b>           | <b>-</b>          | <b>-</b>             | <b>-</b>                             | <b>2 201 523</b>           | <b>(472 107)</b>           | <b>-</b>          | <b>-</b>          | <b>-</b>             | <b>-</b>                | <b>(472 107)</b>           | <b>1 729 416</b>          |
| <b>Intangible assets</b>                  |                            |                   |                    |                   |                      |                                      |                            |                            |                   |                   |                      |                         |                            |                           |
| Computers - software & programming        | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Other                                     | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
|   | <b>-</b>                   | <b>-</b>          | <b>-</b>           | <b>-</b>          | <b>-</b>             | <b>-</b>                             | <b>-</b>                   | <b>-</b>                   | <b>-</b>          | <b>-</b>          | <b>-</b>             | <b>-</b>                | <b>-</b>                   | <b>-</b>                  |
| <b>Investment properties</b>              |                            |                   |                    |                   |                      |                                      |                            |                            |                   |                   |                      |                         |                            |                           |
| Investment property                       | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
|   | <b>-</b>                   | <b>-</b>          | <b>-</b>           | <b>-</b>          | <b>-</b>             | <b>-</b>                             | <b>-</b>                   | <b>-</b>                   | <b>-</b>          | <b>-</b>          | <b>-</b>             | <b>-</b>                | <b>-</b>                   | <b>-</b>                  |
| <b>Total</b>                              |                            |                   |                    |                   |                      |                                      |                            |                            |                   |                   |                      |                         |                            |                           |
| Land and buildings                        | 36 694 917                 | -                 | -                  | -                 | -                    | -                                    | 36 694 917                 | (2 594 701)                | -                 | -                 | (556 075)            | -                       | (3 150 776)                | 33 544 141                |
| Infrastructure                            | 98 030 057                 | 11 770 844        | (1 902 524)        | -                 | -                    | 11 717 669                           | 119 616 046                | (44 942 402)               | 1 369 817         | (62 708)          | (6 930 215)          | -                       | (50 565 508)               | 69 050 538                |
| Community Assets                          | 70 316 675                 | 335 085           | -                  | -                 | -                    | -                                    | 70 651 760                 | (35 059 789)               | -                 | -                 | (5 852 920)          | -                       | (40 912 709)               | 29 739 051                |
| Heritage assets                           | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Specialised vehicles                      | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Other assets                              | 8 320 840                  | 145 472           | -                  | -                 | -                    | -                                    | 8 466 312                  | (3 879 052)                | -                 | -                 | (698 420)            | -                       | (4 577 472)                | 3 888 840                 |
| Finance Lease Assets                      | 2 201 523                  | -                 | -                  | -                 | -                    | -                                    | 2 201 523                  | (472 107)                  | -                 | -                 | -                    | -                       | (472 107)                  | 1 729 416                 |
| Intangible assets                         | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
| Investment properties                     | -                          | -                 | -                  | -                 | -                    | -                                    | -                          | -                          | -                 | -                 | -                    | -                       | -                          | -                         |
|   | <b>215 564 012</b>         | <b>12 251 401</b> | <b>(1 902 524)</b> | <b>-</b>          | <b>-</b>             | <b>11 717 669</b>                    | <b>237 630 558</b>         | <b>(86 948 051)</b>        | <b>1 369 817</b>  | <b>(62 708)</b>   | <b>(14 037 630)</b>  | <b>-</b>                | <b>(99 678 572)</b>        | <b>137 951 986</b>        |

## Appendix B

| Analysis of property, plant and equipment as at 30 June 2013 |                          |
|--|--------------------------|
| Cost/Revaluation   | Accumulated depreciation |

[illegible]

## Appendix B

June 2014

### Analysis of property, plant and equipment as at 30 June 2013

| Cost/Revaluation        |                   |                   |                   |                      |                                     | Accumulated depreciation   |                            |                   |                   |                      |                         |                            |                           |
|-------------------------|-------------------|-------------------|-------------------|----------------------|-------------------------------------|----------------------------|----------------------------|-------------------|-------------------|----------------------|-------------------------|----------------------------|---------------------------|
| Opening Balance<br>Rand | Additions<br>Rand | Disposals<br>Rand | Transfers<br>Rand | Revaluations<br>Rand | Other changes,<br>movements<br>Rand | Closing<br>Balance<br>Rand | Opening<br>Balance<br>Rand | Disposals<br>Rand | Transfers<br>Rand | Depreciation<br>Rand | Impairment loss<br>Rand | Closing<br>Balance<br>Rand | Carrying<br>value<br>Rand |

#### Heritage assets

|           |   |   |   |   |   |   |   |   |   |   |   |   |   |
|-----------|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Buildings | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other     | - | - | - | - | - | - | - | - | - | - | - | - | - |
|           | - | - | - | - | - | - | - | - | - | - | - | - | - |

#### Specialised vehicles

|             |   |   |   |   |   |   |   |   |   |   |   |   |   |
|-------------|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Refuse      | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fire        | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Conservancy | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Ambulances  | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Buses       | - | - | - | - | - | - | - | - | - | - | - | - | - |
|             | - | - | - | - | - | - | - | - | - | - | - | - | - |

#### Other assets

|  |           |           |          |   |   |   |           |             |          |   |           |   |             |           |
|--|-----------|-----------|----------|---|---|---|-----------|-------------|----------|---|-----------|---|-------------|-----------|
| Motor vehicles                                 | 2 674 230 | 1 553 240 | -        | - | - | - | 4 227 470 | (1 750 898) | -        | - | (330 047) | - | (2 080 945) | 2 146 525 |
| Plant & equipment                              | -         | -         | -        | - | - | - | -         | -           | -        | - | -         | - | -           | -         |
| Computer Equipment                             | 221 487   | 56 605    | (34 560) | - | - | - | 243 532   | (215 088)   | 34 554   | - | (17 608)  | - | (198 142)   | 45 390    |
| Computer Software (part of computer equipment) | -         | -         | -        | - | - | - | -         | -           | -        | - | -         | - | -           | -         |
| Furniture & Fittings                           | -         | -         | -        | - | - | - | -         | -           | -        | - | -         | - | -           | -         |
| Office Equipment                               | 173 520   | 107 425   | (34 670) | - | - | - | 246 275   | (159 884)   | 34 669   | - | (25 450)  | - | (150 665)   | 95 610    |
| Office Equipment - Leased                      | 2 201 523 | -         | -        | - | - | - | 2 201 523 | (110 076)   | -        | - | (236 531) | - | (346 607)   | 1 854 916 |
| Abattoirs                                      | -         | -         | -        | - | - | - | -         | -           | -        | - | -         | - | -           | -         |
| Markets  | -         | -         | -        | - | - | - | -         | -           | -        | - | -         | - | -           | -         |
| Airports                                       | -         | -         | -        | - | - | - | -         | -           | -        | - | -         | - | -           | -         |
| Security measures                              | -         | -         | -        | - | - | - | -         | -           | -        | - | -         | - | -           | -         |
| Civic land and buildings                       | -         | -         | -        | - | - | - | -         | -           | -        | - | -         | - | -           | -         |
| Other buildings                                | -         | -         | -        | - | - | - | -         | -           | -        | - | -         | - | -           | -         |
| Other land                                     | -         | -         | -        | - | - | - | -         | -           | -        | - | -         | - | -           | -         |
| Bins and Containers                            | -         | -         | -        | - | - | - | -         | -           | -        | - | -         | - | -           | -         |
| Work in progress                               | -         | -         | -        | - | - | - | -         | -           | -        | - | -         | - | -           | -         |
| Other  | 1 772 257 | 2 542     | -        | - | - | - | 1 774 799 | (545 111)   | (89 974) | - | -         | - | (635 085)   | 1 139 714 |
| Other Assets - Leased                          | -         | -         | -        | - | - | - | -         | -           | -        | - | -         | - | -           | -         |
| Surplus Assets - (Investment or Inventory)     | -         | -         | -        | - | - | - | -         | -           | -        | - | -         | - | -           | -         |
| Housing development                            | -         | -         | -        | - | - | - | -         | -           | -        | - | -         | - | -           | -         |
| Other  | -         | -         | -        | - | - | - | -         | -           | -        | - | -         | - | -           | -         |
|  | 7 043 017 | 1 719 812 | (69 230) | - | - | - | 8 693 599 | (2 781 057) | (20 751) | - | (609 636) | - | (3 411 444) | 5 282 155 |

## Appendix B

June 2014

### Analysis of property, plant and equipment as at 30 June 2013

#### Cost/Revaluation

#### Accumulated depreciation

|   | Opening<br>Balance<br>Rand | Additions<br>Rand | Disposals<br>Rand | Transfers<br>Rand | Revaluations<br>Rand | Other changes,<br>movements<br>Rand | Closing<br>Balance<br>Rand | Opening<br>Balance<br>Rand | Disposals<br>Rand  | Transfers<br>Rand | Depreciation<br>Rand | Impairment loss<br>Rand | Closing<br>Balance<br>Rand | Carrying<br>value<br>Rand |
|---|----------------------------|-------------------|-------------------|-------------------|----------------------|-------------------------------------|----------------------------|----------------------------|--------------------|-------------------|----------------------|-------------------------|----------------------------|---------------------------|
| <b>Total property plant and equipment</b> |                            |                   |                   |                   |                      |                                     |                            |                            |                    |                   |                      |                         |                            |                           |
| Land and buildings                        | 37 255 226                 | 1 298 617         | -                 | -                 | -                    | -                                   | 38 553 843                 | (2 315 162)                | -                  | -                 | (3 150 554)          | -                       | (5 465 716)                | 33 088 127                |
| Infrastructure                            | 90 149 458                 | 8 169 243         | -                 | -                 | -                    | -                                   | 98 318 701                 | (7 313 121)                | (1 661 120)        | -                 | (3 302 438)          | -                       | (12 276 679)               | 86 042 022                |
| Community Assets                          | 7 122 204                  | 2 482 364         | -                 | -                 | -                    | -                                   | 9 604 568                  | (926 464)                  | -                  | -                 | (835 250)            | -                       | (1 761 714)                | 7 842 854                 |
| Heritage assets                           | -                          | -                 | -                 | -                 | -                    | -                                   | -                          | -                          | -                  | -                 | -                    | -                       | -                          | -                         |
| Specialised vehicles                      | -                          | -                 | -                 | -                 | -                    | -                                   | -                          | -                          | -                  | -                 | -                    | -                       | -                          | -                         |
| Other assets                              | 7 043 017                  | 1 719 812         | (69 230)          | -                 | -                    | -                                   | 8 693 599                  | (2 781 057)                | (20 751)           | -                 | (609 636)            | -                       | (3 411 444)                | 5 282 155                 |
|   | <b>141 569 905</b>         | <b>13 670 036</b> | <b>(69 230)</b>   | <b>-</b>          | <b>-</b>             | <b>-</b>                            | <b>155 170 711</b>         | <b>(13 335 804)</b>        | <b>(1 681 871)</b> | <b>-</b>          | <b>(7 897 878)</b>   | <b>-</b>                | <b>(22 915 553)</b>        | <b>132 255 158</b>        |
| <b>Agricultural/Biological assets</b>     |                            |                   |                   |                   |                      |                                     |                            |                            |                    |                   |                      |                         |                            |                           |
| Agricultural                              | -                          | -                 | -                 | -                 | -                    | -                                   | -                          | -                          | -                  | -                 | -                    | -                       | -                          | -                         |
| Biological assets                         | -                          | -                 | -                 | -                 | -                    | -                                   | -                          | -                          | -                  | -                 | -                    | -                       | -                          | -                         |
|   | <b>-</b>                   | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>             | <b>-</b>                            | <b>-</b>                   | <b>-</b>                   | <b>-</b>           | <b>-</b>          | <b>-</b>             | <b>-</b>                | <b>-</b>                   | <b>-</b>                  |
| <b>Intangible assets</b>                  |                            |                   |                   |                   |                      |                                     |                            |                            |                    |                   |                      |                         |                            |                           |
| Computers - software & programming        | 55 674                     | 8 651             | -                 | -                 | -                    | -                                   | 64 325                     | (55 671)                   | (1 202)            | -                 | -                    | -                       | (56 873)                   | 7 452                     |
| Other                                     | -                          | -                 | -                 | -                 | -                    | -                                   | -                          | -                          | -                  | -                 | -                    | -                       | -                          | -                         |
|   | <b>55 674</b>              | <b>8 651</b>      | <b>-</b>          | <b>-</b>          | <b>-</b>             | <b>-</b>                            | <b>64 325</b>              | <b>(55 671)</b>            | <b>(1 202)</b>     | <b>-</b>          | <b>-</b>             | <b>-</b>                | <b>(56 873)</b>            | <b>7 452</b>              |
| <b>Investment properties</b>              |                            |                   |                   |                   |                      |                                     |                            |                            |                    |                   |                      |                         |                            |                           |
| Investment property                       | -                          | -                 | -                 | -                 | -                    | -                                   | -                          | -                          | -                  | -                 | -                    | -                       | -                          | -                         |
|   | <b>-</b>                   | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>             | <b>-</b>                            | <b>-</b>                   | <b>-</b>                   | <b>-</b>           | <b>-</b>          | <b>-</b>             | <b>-</b>                | <b>-</b>                   | <b>-</b>                  |
| <b>Total</b>                              |                            |                   |                   |                   |                      |                                     |                            |                            |                    |                   |                      |                         |                            |                           |
| Land and buildings                        | 37 255 226                 | 1 298 617         | -                 | -                 | -                    | -                                   | 38 553 843                 | (2 315 162)                | -                  | -                 | (3 150 554)          | -                       | (5 465 716)                | 33 088 127                |
| Infrastructure                            | 90 149 458                 | 8 169 243         | -                 | -                 | -                    | -                                   | 98 318 701                 | (7 313 121)                | (1 661 120)        | -                 | (3 302 438)          | -                       | (12 276 679)               | 86 042 022                |
| Community Assets                          | 7 122 204                  | 2 482 364         | -                 | -                 | -                    | -                                   | 9 604 568                  | (926 464)                  | -                  | -                 | (835 250)            | -                       | (1 761 714)                | 7 842 854                 |
| Heritage assets                           | -                          | -                 | -                 | -                 | -                    | -                                   | -                          | -                          | -                  | -                 | -                    | -                       | -                          | -                         |
| Specialised vehicles                      | -                          | -                 | -                 | -                 | -                    | -                                   | -                          | -                          | -                  | -                 | -                    | -                       | -                          | -                         |
| Other assets                              | 7 043 017                  | 1 719 812         | (69 230)          | -                 | -                    | -                                   | 8 693 599                  | (2 781 057)                | (20 751)           | -                 | (609 636)            | -                       | (3 411 444)                | 5 282 155                 |
| Agricultural/Biological assets            | -                          | -                 | -                 | -                 | -                    | -                                   | -                          | -                          | -                  | -                 | -                    | -                       | -                          | -                         |
| Intangible assets                         | 55 674                     | 8 651             | -                 | -                 | -                    | -                                   | 64 325                     | (55 671)                   | (1 202)            | -                 | -                    | -                       | (56 873)                   | 7 452                     |
| Investment properties                     | -                          | -                 | -                 | -                 | -                    | -                                   | -                          | -                          | -                  | -                 | -                    | -                       | -                          | -                         |
|   | <b>141 625 579</b>         | <b>13 678 687</b> | <b>(69 230)</b>   | <b>-</b>          | <b>-</b>             | <b>-</b>                            | <b>155 235 036</b>         | <b>(13 391 475)</b>        | <b>(1 683 073)</b> | <b>-</b>          | <b>(7 897 878)</b>   | <b>-</b>                | <b>(22 972 426)</b>        | <b>132 262 610</b>        |

## June 2014

| Segmental analysis of property, plant and equipment as at 30 June 2014 |                                 |
|--|---------------------------------|
| Cost/Revaluation   | Accumulated Depreciation        |
| <p>Land and buildings</p> <p>Cost</p> <p>Revaluation</p>               | <p>Accumulated Depreciation</p> |

[illegible]

## June 2014

| Segmental analysis of property, plant and equipment as at 30 June 2014 |                                 |
|--|---------------------------------|
| Cost/Revaluation   | Accumulated Depreciation        |
| <p>Land and buildings</p> <p>Cost</p> <p>Revaluation</p>               | <p>Accumulated Depreciation</p> |

| Opening<br>Balance<br>Rand | Additions<br>Rand | Disposals<br>Rand | Transfers<br>Rand | Revaluations<br>Rand | Other changes,<br>movements<br>Rand | Closing<br>Balance<br>Rand | Opening<br>Balance<br>Rand | Disposals<br>Rand | Transfers<br>Rand | Depreciation<br>Rand | Impairment deficit<br>Rand | Closing<br>Balance<br>Rand | Carrying<br>value<br>Rand |
|----------------------------|-------------------|-------------------|-------------------|----------------------|-------------------------------------|----------------------------|----------------------------|-------------------|-------------------|----------------------|----------------------------|----------------------------|---------------------------|
| -                          | -                 | -                 | -                 | -                    | -                                   | -                          | -                          | -                 | -                 | -                    | -                          | -                          | -                         |
| 207 519 994                | 16 474 286        | (55 941)          | -                 | -                    | -                                   | 223 938 339                | (67 790 002)               | 75 902            | -                 | (18 620 706)         | -                          | (86 334 806)               | 137 603 533               |

## June 2014

| Segmental Statement of Financial Performance for the year ended |              |
|---|--------------|
| Prior Year  | Current Year |

[illegible]



## Appendix D

June 2014

### Segmental Statement of Financial Performance for the year ended

| Prior Year               |                               |                               | Current Year |                          |                               |                               |
|--------------------------|-------------------------------|-------------------------------|--------------|--------------------------|-------------------------------|-------------------------------|
| Actual<br>Income<br>Rand | Actual<br>Expenditure<br>Rand | Surplus<br>/(Deficit)<br>Rand | Rand         |                          |                               |                               |
|                          |                               |                               |              | Actual<br>Income<br>Rand | Actual<br>Expenditure<br>Rand | Surplus<br>/(Deficit)<br>Rand |
| -                        | -                             | -                             |              | -                        | -                             | -                             |
| -                        | -                             | -                             |              | -                        | -                             | -                             |
| -                        | -                             | -                             |              | -                        | -                             | -                             |
| -                        | -                             | -                             |              | -                        | -                             | -                             |
| -                        | -                             | -                             |              | -                        | -                             | -                             |
| -                        | -                             | -                             |              | -                        | -                             | -                             |
| 49 348 773               | 40 469 096                    | 8 879 677                     | Total        | 52 282 242               | 58 151 100                    | (5 868 858)                   |

## Appendix E(1)

June 2014

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2014

|   | Current year<br>2013<br>Act. Bal. | Forecast # 1<br>2014<br>Adjusted<br>budget<br>Rand | Variance<br>Rand | Var     | Explanation of Significant Variances<br>greater than 10% versus Budget |
|---|-----------------------------------|--|------------------|---------|--|
|   | Rand                              | Rand   | Rand             |         |  |
| Revenue   |                                   |  |                  |         |  |
| Sale of goods                                       | 382 670                           | 382 058  | 612              | 0,2     | (Explanations to be recorded)  |
| Sale of goods in<br>agricultural activities         | -                                 | -  | -                | -       |  |
| Rendering of services                               | -                                 | -  | -                | -       |  |
| Rendering of services in<br>agricultural activities | -                                 | -  | -                | -       |  |
| Property rates                                      | 1 780 984                         | 1 708 420  | 72 564           | 4,2     |  |
| Service charges                                     | 7 692 154                         | 6 781 097  | 911 057          | 13,4    |  |
|   | -                                 | -  | -                | -       |  |
|   | -                                 | -  | -                | -       |  |
| Sales of housing                                    | -                                 | -  | -                | -       |  |
| Construction contracts                              | -                                 | -  | -                | -       |  |
| Royalty income                                      | -                                 | -  | -                | -       |  |
| Rental of facilities and<br>equipment               | 479 099                           | 494 944  | (15 845)         | (3,2)   |  |
| Interest received (trading)                         | -                                 | -  | -                | -       |  |
| Dividends received                                  | -                                 | -  | -                | -       |  |
| Income from agency<br>services                      | -                                 | -  | -                | -       |  |
|   | -                                 | -  | -                | -       |  |
|   | -                                 | -  | -                | -       |  |
| Licences and permits                                | 184 744                           | 174 005  | 10 739           | 6,2     |  |
|   | -                                 | -  | -                | -       |  |
| Municipal Revenue UD1                               | -                                 | -  | -                | -       |  |
| Municipal Revenue UD2                               | -                                 | -  | -                | -       |  |
|   | -                                 | -  | -                | -       |  |
|   | -                                 | -  | -                | -       |  |
| Miscellaneous other<br>revenue                      | -                                 | -  | -                | -       |  |
| Administration and<br>management fees<br>received   | -                                 | -  | -                | -       |  |
| Fees earned   | -                                 | -  | -                | -       |  |
| Commissions received                                | -                                 | -  | -                | -       |  |
| Royalties received                                  | -                                 | -  | -                | -       |  |
| Rental income                                       | -                                 | -  | -                | -       |  |
| Discount received                                   | -                                 | -  | -                | -       |  |
| Recoveries  | -                                 | -  | -                | -       |  |
| Other income 1                                      | -                                 | -  | -                | -       |  |
| Other income 2                                      | -                                 | -  | -                | -       |  |
| Financial instruments - Fee<br>income               | -                                 | -  | -                | -       |  |
| Other income - (rollup)                             | 108 848                           | 15 762   | 93 086           | 590,6   |  |
| Other farming income 1                              | -                                 | -  | -                | -       |  |
| Other farming income 2                              | -                                 | -  | -                | -       |  |
| Other farming income 3                              | -                                 | -  | -                | -       |  |
| Other farming income 4                              | -                                 | -  | -                | -       |  |
| Other farming income                                | -                                 | -  | -                | -       |  |
| Government grants                                   | 37 297 631                        | 36 064 000   | 1 233 631        | 3,4     |  |
| Interest received -<br>investment                   | 140 376                           | 310 298  | (169 922)        | (54,8)  |  |
| Interest received - other                           | -                                 | 1 767 265  | (1 767 265)      | (100,0) |  |
| Dividends received                                  | -                                 | -  | -                | -       |  |
|   | 48 066 506                        | 47 697 849   | 368 657          | 0,8     |  |

## Appendix E(1)

June 2014

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2014

|                           | Current year<br>2013<br>Act. Bal. | Forecast # 1<br>2014<br>Adjusted<br>budget | Variance    |        | Explanation of Significant Variances<br>greater than 10% versus Budget |
|---------------------------|-----------------------------------|--|-------------|--------|--|
| Other income              | -                                 | -  | -           | -      |  |
| Expenses                  | -                                 | -  | -           | -      |  |
| Personnel                 | (11 956 290)                      | (14 580 583)                               | 2 624 293   | (18,0) |  |
| Manufacturing -           | -                                 | -  | -           | -      |  |
| Employee costs            |                                   |  |             |        |  |
| Remuneration of           | (1 469 533)                       | (1 456 348)                                | (13 185)    | 0,9    |  |
| councillors               |                                   |  |             |        |  |
| Administration            | -                                 | -  | -           | -      |  |
| Transfer payments         | -                                 | -  | -           | -      |  |
| Depreciation              | (14 665 905)                      | (10 190 583)                               | (4 475 322) | 43,9   |  |
| Impairment                | -                                 | -  | -           | -      |  |
| Amortisation              | -                                 | -  | -           | -      |  |
| Impairments               | -                                 | -  | -           | -      |  |
| Reversal of impairments   | -                                 | -  | -           | -      |  |
| Finance costs             | (319 608)                         | (497 149)                                  | 177 541     | (35,7) |  |
| Debt impairment           | (12 919 458)                      | (5 340 423)                                | (7 579 035) | 141,9  |  |
| Collection costs          | -                                 | -  | -           | -      |  |
| Repairs and maintenance   | (329 782)                         | (1 270 418)                                | 940 636     | (74,0) |  |
| - Manufacturing expenses  |                                   |  |             |        |  |
| Repairs and maintenance   | (335 006)                         | -  | (335 006)   | -      |  |
| - General                 |                                   |  |             |        |  |
| Repairs and maintenance   | -                                 | -  | -           | -      |  |
| - General                 |                                   |  |             |        |  |
| Bulk purchases            | (897 827)                         | (964 079)                                  | 66 252      | (6,9)  |  |
| Contracted Services       | -                                 | -  | -           | -      |  |
| Grants and subsidies paid | (2 839 855)                       | (1 890 492)                                | (949 363)   | 50,2   |  |
| Cost of housing sold      | -                                 | -  | -           | -      |  |
| General Expenses          | (12 577 728)                      | (12 375 846)                               | (201 882)   | 1,6    |  |
| Other (taken out of       | -                                 | -  | -           | -      |  |
| General expenses)         |                                   |  |             |        |  |
| Other (taken out of       | -                                 | -  | -           | -      |  |
| General expenses)         |                                   |  |             |        |  |
| Other (taken out of       | -                                 | -  | -           | -      |  |
| General expenses)         |                                   |  |             |        |  |
| Other (taken out of       | -                                 | -  | -           | -      |  |
| General expenses)         |                                   |  |             |        |  |
| Other (taken out of       | -                                 | -  | -           | -      |  |
| General expenses)         |                                   |  |             |        |  |
| Other revenue and costs   | (58 310 992)                      | (48 565 921)                               | (9 745 071) | 20,1   |  |
| Gain or loss on disposal  | -                                 | -  | -           | -      |  |
| of assets and liabilities |                                   |  |             |        |  |
| Gain or loss on exchange  | -                                 | -  | -           | -      |  |
| differences               |                                   |  |             |        |  |
| Fair value adjustments    | -                                 | -  | -           | -      |  |
| Gains or losses on        | -                                 | -  | -           | -      |  |
| biological assets and     |                                   |  |             |        |  |
| agricultural produce      |                                   |  |             |        |  |
| Income from equity        | -                                 | -  | -           | -      |  |
| accounted investments     |                                   |  |             |        |  |

## Appendix E(1)

June 2014

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2014

|  | Current year<br>2013<br>Act. Bal. | Forecast # 1<br>2014<br>Adjusted<br>budget | Variance    | Explanation of Significant Variances<br>greater than 10% versus Budget |
|--|-----------------------------------|--|-------------|--|
| Gain or loss on disposal<br>of non-current assets held<br>for sale or disposal<br>groups | 123 715                           | -  | 123 715     | -  |
| Taxation   | -                                 | -  | -           | -  |
| Discontinued operations  | -                                 | -  | -           | -  |
|  | 123 715                           | -  | 123 715     | -  |
| Net surplus/ (deficit) for<br>the year   | (10 120 771)                      | (868 072)                                  | (9 252 699) | 065,9  |

## June 2014

| Additions | Revised Budget | Variance | Variance | Explanation of significant variances from budget |
|-----------|----------------|----------|----------|--|
| Rand      | Rand           | Rand     | %        |  |

|  |   |   |   |   |
|--|---|---|---|---|
| Executive & Council/Mayor and Council              | - | - | - | - |
| Finance & Admin/Finance                            | - | - | - | - |
| Planning and Development/Economic Development/Plan | - | - | - | - |
| Health/Clinics                                     | - | - | - | - |
| Comm. & Social/Libraries and archives              | - | - | - | - |
| Housing  | - | - | - | - |
| Public Safety/Police                               | - | - | - | - |
| Sport and Recreation                               | - | - | - | - |
| Environmental Protection/Pollution Control         | - | - | - | - |
| Waste Water Management/Sewerage                    | - | - | - | - |
| Road Transport/Roads                               | - | - | - | - |
| Water/Water Distribution                           | - | - | - | - |
| Electricity /Electricity Distribution              | - | - | - | - |
| Other/Air Transport                                | - | - | - | - |
|  | - | - | - | - |
|  | - | - | - | - |

|           |   |             |   |
|-----------|---|-------------|---|
| -         | - | -           | - |
| -         | - | -           | - |
| -         | - | -           | - |
| -         | - | -           | - |
| -         | - | -           | - |
| -         | - | -           | - |
| -         | - | -           | - |
| -         | - | -           | - |
| -         | - | -           | - |
| -         | - | -           | - |
| -         | - | -           | - |
| -         | - | -           | - |
| -         | - | -           | - |
| -         | - | -           | - |
| <b>44</b> | - | <b>(44)</b> | - |

|   |   |   |   |
|---|---|---|---|
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |

**Appendix F**  
**Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003**  
June 2014

| Name of Grants                          | Name of organ of state or municipal entity | Quarterly Receipts |           |         |           |           | Quarterly Expenditure |           |         |           |           |     |
|---|--|--------------------|-----------|---------|-----------|-----------|-----------------------|-----------|---------|-----------|-----------|-----|
|   |  | Jun                | Sep       | Dec     | Mar       | Jun       | Jun                   | Sep       | Dec     | Mar       | Jun       | Jun |
| Conditional Grant- Dept Housing(houses) | COGHSTA- Provincial                        | -                  | 436 324   | 227 635 | 4 264 589 | 1 881 746 | -                     | 626 723   | 301 604 | 2 235 495 | 2 939 394 | -   |
| Conditional Grant - water Reticulation  | COGSTA - Provincial                        | -                  | -         | -       | 3 122 440 | -         | -                     | -         | -       | 1 162 162 | 2 481 418 | -   |
| Financial Management Grant              | National Treasury                          | -                  | 1 650 000 | -       | -         | -         | -                     | 540 291   | 537 694 | 440 361   | 129 241   | -   |
|   |  | -                  | -         | -       | -         | -         | -                     | -         | -       | -         | -         | -   |
|   |  | -                  | -         | -       | -         | -         | -                     | -         | -       | -         | -         | -   |
|   |  | -                  | 2 086 324 | 227 635 | 7 387 029 | 1 881 746 | -                     | 1 167 014 | 839 298 | 3 838 018 | 5 550 053 | -   |

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

## Appendix G1

### Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2014

| 2014/2013                           |   |                          |  |   |              |                |                          |          |                                     | 2013/2012                              |                                   |   |                         |                          |  |
|-------------------------------------|---|--------------------------|--|---|--------------|----------------|--------------------------|----------|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|--|
| Original Budget                     | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |  |
| Rand                                | Rand  | Rand                     | Rand                                       | Rand                                      | Rand         | Rand           | Rand                     | Rand     | Rand                                | Rand                                   | Rand                              | Rand  | Rand                    | Rand                     |  |
| Revenue - Standard                  |   |                          |  |   |              |                |                          |          |                                     |  |                                   |   |                         |                          |  |
| Governance and administration       | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Executive and council               | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Budget and treasury office          | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Corporate services                  | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Community and public safety         | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Community and social services       | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Sport and recreation                | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Public safety                       | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Housing                             | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Health                              | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Economic and environmental services | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Planning and development            | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Road transport                      | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Environmental protection            | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Trading services                    | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Electricity                         | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Water                               | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Waste water management              | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Waste management                    | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Other                               | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Other                               | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |
| Total Revenue - Standard            | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |  |

**Appendix G1**  
**Budgeted Financial Performance (revenue and expenditure by standard classification)**  
**for the year ended 30 June 2014**

| 2014/2013                           |   |                          |  |   |              |                |                          |          |                                     | 2013/2012                              |                                   |   |                         |                          |
|-------------------------------------|---|--------------------------|--|---|--------------|----------------|--------------------------|----------|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
| Original Budget                     | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| Rand                                | Rand  | Rand                     | Rand                                       | Rand                                      | Rand         | Rand           | Rand                     | Rand     | Rand                                | Rand                                   | Rand                              | Rand  | Rand                    | Rand                     |
| Expenditure - Standard              |   |                          |  |   |              |                |                          |          |                                     |  |                                   |   |                         |                          |
| Governance and administration       | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Executive and council               | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Budget and treasury office          | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Corporate services                  | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Community and public safety         | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Community and social services       | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Sport and recreation                | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Public safety                       | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Housing                             | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Health                              | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Economic and environmental services | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Planning and development            | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Road transport                      | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Environmental protection            | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Trading services                    | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Electricity                         | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Water                               | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Waste water management              | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Waste management                    | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Other                               | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Other                               | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Total Expenditure - Standard        | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Surplus/(Deficit) for the year      | -   | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |



## Appendix G2

### Budgeted Financial Performance (revenue and expenditure by municipal vote) for the year ended 30 June 2014

|  | 2014/2013       |   |                                |   |  |              |                   |                             |          | 2013/2012                                  |   |   |   |                                    |  |
|--|-----------------|---|--------------------------------|---|--|--------------|-------------------|-----------------------------|----------|--|---|---|---|------------------------------------|--|
|  | Original Budget | Budget Adjustments<br>(i.t.o. s28 and s31 of the<br>MFMA) | Final<br>adjustments<br>budget | Shifting of<br>funds (i.t.o.<br>s31 of the<br>MFMA) | Virement<br>(i.t.o. Council<br>approved<br>policy) | Final Budget | Actual<br>Outcome | Unauthorised<br>expenditure | Variance | Actual<br>Outcome as<br>of Final<br>Budget | Actual<br>Outcome as<br>of Original<br>Budget | Reported<br>unauthorised<br>expenditure | Expenditure<br>authorised in<br>terms of<br>section 32 of<br>MFMA<br>Rand | Balance to be<br>recovered<br>Rand | Restated<br>Audited<br>Outcome<br>Rand |
|  | Rand            | Rand  | Rand                           | Rand  | Rand   | Rand         | Rand              | Rand                        | Rand     | Rand                                       | Rand  | Rand                                    | Rand  | Rand                               | Rand                                   |
| Revenue by Vote                        |                 |   |                                |   |  |              |                   |                             |          |  |   |   |   |                                    |  |
| Example 1 - Vote1                      | -               | -   | -                              | -   |  | -            | -                 |                             | -        | DIV/0 %                                    | DIV/0 %                                       |   |   |                                    | -                                      |
| Example 2 - Vote2                      | -               | -   | -                              | -   |  | -            | -                 |                             | -        | DIV/0 %                                    | DIV/0 %                                       |   |   |                                    | -                                      |
| Example 3 - Vote3                      | -               | -   | -                              | -   |  | -            | -                 |                             | -        | DIV/0 %                                    | DIV/0 %                                       |   |   |                                    | -                                      |
| Example 4 - Vote4                      | -               | -   | -                              | -   |  | -            | -                 |                             | -        | DIV/0 %                                    | DIV/0 %                                       |   |   |                                    | -                                      |
| Example 5 - Vote5                      | -               | -   | -                              | -   |  | -            | -                 |                             | -        | DIV/0 %                                    | DIV/0 %                                       |   |   |                                    | -                                      |
| Example 6 - Vote6                      | -               | -   | -                              | -   |  | -            | -                 |                             | -        | DIV/0 %                                    | DIV/0 %                                       |   |   |                                    | -                                      |
| Example 7 - Vote7                      | -               | -   | -                              | -   |  | -            | -                 |                             | -        | DIV/0 %                                    | DIV/0 %                                       |   |   |                                    | -                                      |
| Example 8 - Vote8                      | -               | -   | -                              | -   |  | -            | -                 |                             | -        | DIV/0 %                                    | DIV/0 %                                       |   |   |                                    | -                                      |
| Example 9 - Vote9                      | -               | -   | -                              | -   |  | -            | -                 |                             | -        | DIV/0 %                                    | DIV/0 %                                       |   |   |                                    | -                                      |
| Example 10 - Vote10                    | -               | -   | -                              | -   |  | -            | -                 |                             | -        | DIV/0 %                                    | DIV/0 %                                       |   |   |                                    | -                                      |
| Example 11 - Vote11                    | -               | -   | -                              | -   |  | -            | -                 |                             | -        | DIV/0 %                                    | DIV/0 %                                       |   |   |                                    | -                                      |
| Example 12 - Vote12                    | -               | -   | -                              | -   |  | -            | -                 |                             | -        | DIV/0 %                                    | DIV/0 %                                       |   |   |                                    | -                                      |
| Example 13 - Vote13                    | -               | -   | -                              | -   |  | -            | -                 |                             | -        | DIV/0 %                                    | DIV/0 %                                       |   |   |                                    | -                                      |
| Example 14 - Vote14                    | -               | -   | -                              | -   |  | -            | -                 |                             | -        | DIV/0 %                                    | DIV/0 %                                       |   |   |                                    | -                                      |
| Example 15 - Vote15                    | -               | -   | -                              | -   |  | -            | -                 |                             | -        | DIV/0 %                                    | DIV/0 %                                       |   |   |                                    | -                                      |
| Total Revenue by Vote                  | -               | -   | -                              | -   |  | -            | -                 |                             | -        | DIV/0 %                                    | DIV/0 %                                       |   |   |                                    | -                                      |
| Expenditure by Vote to be appropriated |                 |   |                                |   |  |              |                   |                             |          |  |   |   |   |                                    |  |
| Example 1 - Vote1                      | -               | -   | -                              | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %                                       | -                                       | -   | -                                  | -                                      |
| Example 2 - Vote2                      | -               | -   | -                              | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %                                       | -                                       | -   | -                                  | -                                      |
| Example 3 - Vote3                      | -               | -   | -                              | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %                                       | -                                       | -   | -                                  | -                                      |
| Example 4 - Vote4                      | -               | -   | -                              | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %                                       | -                                       | -   | -                                  | -                                      |
| Example 5 - Vote5                      | -               | -   | -                              | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %                                       | -                                       | -   | -                                  | -                                      |
| Example 6 - Vote6                      | -               | -   | -                              | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %                                       | -                                       | -   | -                                  | -                                      |
| Example 7 - Vote7                      | -               | -   | -                              | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %                                       | -                                       | -   | -                                  | -                                      |
| Example 8 - Vote8                      | -               | -   | -                              | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %                                       | -                                       | -   | -                                  | -                                      |
| Example 9 - Vote9                      | -               | -   | -                              | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %                                       | -                                       | -   | -                                  | -                                      |
| Example 10 - Vote10                    | -               | -   | -                              | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %                                       | -                                       | -   | -                                  | -                                      |
| Example 11 - Vote11                    | -               | -   | -                              | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %                                       | -                                       | -   | -                                  | -                                      |
| Example 12 - Vote12                    | -               | -   | -                              | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %                                       | -                                       | -   | -                                  | -                                      |
| Example 13 - Vote13                    | -               | -   | -                              | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %                                       | -                                       | -   | -                                  | -                                      |
| Example 14 - Vote14                    | -               | -   | -                              | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %                                       | -                                       | -   | -                                  | -                                      |
| Example 15 - Vote15                    | -               | -   | -                              | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %                                       | -                                       | -   | -                                  | -                                      |
| Total Expenditure by Vote              | -               | -   | -                              | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %                                       | -                                       | -   | -                                  | -                                      |
| Surplus/(Deficit) for the year         | -               | -   | -                              | -   |  | -            | -                 |                             | -        | DIV/0 %                                    | DIV/0 %                                       |   |   |                                    | -                                      |

**Appendix G3**  
**Budgeted Financial Performance (revenue and expenditure)**  
**for the year ended 30 June 2014**

|   | 2014/2013       |   |                          |  |   |              |                |                          |          | 2013/2012                           |  |                                   |   |                         |                          |
|---|-----------------|---|--------------------------|--|---|--------------|----------------|--------------------------|----------|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
|   | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| Revenue By Source   |                 |   |                          |  |   |              |                |                          |          |                                     |  |                                   |   |                         |                          |
| Property rates  | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |
| Property rates - penalties & collection charges               | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |
| Service charges - electricity revenue                         | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |
| Service charges - water revenue                               | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |
| Service charges - sanitation revenue                          | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |
| Service charges - refuse revenue                              | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |
| Service charges - other                                       | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |
| Rental of facilities and equipment                            | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |
| Interest earned - external investments                        | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |
| Interest earned - outstanding debtors                         | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |
| Dividends received  | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |
| Fines   | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |
| Licences and permits  | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |
| Agency services   | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |
| Transfers recognised - operational                            | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |
| Other revenue   | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |
| Gains on disposal of PPE                                      | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |
| Total Revenue (excluding capital transfers and contributions) | -               | -   | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                             | DIV/0 %                                |                                   |   |                         | -                        |

**Appendix G3**  
**Budgeted Financial Performance (revenue and expenditure)**  
**for the year ended 30 June 2014**

|  | 2014/2013       |  |                             |   |  |              |                   |                             |          | 2013/2012                                  |   |   |   |                            |                                |
|--|-----------------|--|-----------------------------|---|--|--------------|-------------------|-----------------------------|----------|--|---|---|---|----------------------------|--------------------------------|
|  | Original Budget | Budget Adjustments<br>(i.t.o. s28 and<br>s31 of the<br>MFMA) | Final adjustments<br>budget | Shifting of<br>funds (i.t.o.<br>s31 of the<br>MFMA) | Virement<br>(i.t.o. Council<br>approved<br>policy) | Final Budget | Actual<br>Outcome | Unauthorised<br>expenditure | Variance | Actual<br>Outcome as<br>of Final<br>Budget | Actual<br>Outcome as %<br>of Original<br>Budget | Reported<br>unauthorised<br>expenditure | Expenditure<br>authorised in<br>terms of<br>section 32 of<br>MFMA | Balance to be<br>recovered | Restated<br>Audited<br>Outcome |
| <b>Expenditure By Type</b>   |                 |  |                             |   |  |              |                   |                             |          |  |   |   |   |                            |                                |
| Employee related costs   | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %   | -                                       | -   | -                          | -                              |
| Remuneration of councillors  | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %   | -                                       | -   | -                          | -                              |
| Debt impairment  | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %   | -                                       | -   | -                          | -                              |
| Depreciation & asset impairment  | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %   | -                                       | -   | -                          | -                              |
| Finance charges  | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %   | -                                       | -   | -                          | -                              |
| Bulk purchases   | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %   | -                                       | -   | -                          | -                              |
| Other materials  | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %   | -                                       | -   | -                          | -                              |
| Contracted services  | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %   | -                                       | -   | -                          | -                              |
| Transfers and grants   | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %   | -                                       | -   | -                          | -                              |
| Other expenditure  | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %   | -                                       | -   | -                          | -                              |
| Loss on disposal of PPE  | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %   | -                                       | -   | -                          | -                              |
| <b>Total Expenditure</b>   | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | <b>DIV/0 %</b>                             | <b>DIV/0 %</b>                                  | -                                       | -   | -                          | -                              |
| <b>Surplus/(Deficit)</b>   | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | <b>DIV/0 %</b>                             | <b>DIV/0 %</b>                                  | -                                       | -   | -                          | -                              |
| Transfers recognised - capital   | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %   | -                                       | -   | -                          | -                              |
| Contributions recognised - capital                                       | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %   | -                                       | -   | -                          | -                              |
| Contributed assets   | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %   | -                                       | -   | -                          | -                              |
| <b>Surplus/(Deficit) after capital<br/>transfers &amp; contributions</b> | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | <b>DIV/0 %</b>                             | <b>DIV/0 %</b>                                  | -                                       | -   | -                          | -                              |
| Taxation   | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %   | -                                       | -   | -                          | -                              |
| <b>Surplus/(Deficit) after taxation</b>                                  | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | <b>DIV/0 %</b>                             | <b>DIV/0 %</b>                                  | -                                       | -   | -                          | -                              |
| Attributable to minorities   | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %   | -                                       | -   | -                          | -                              |
| <b>Surplus/(Deficit) attributable to<br/>municipality</b>                | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | <b>DIV/0 %</b>                             | <b>DIV/0 %</b>                                  | -                                       | -   | -                          | -                              |
| Share of surplus/ (deficit) of associate                                 | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | DIV/0 %                                    | DIV/0 %   | -                                       | -   | -                          | -                              |
| <b>Surplus/(Deficit) for the year</b>                                    | -               | -  | -                           | -   | -  | -            | -                 | -                           | -        | <b>DIV/0 %</b>                             | <b>DIV/0 %</b>                                  | -                                       | -   | -                          | -                              |

**Appendix G4**  
**Budgeted Capital Expenditure by vote, standard classification and funding**  
**for the year ended 30 June 2014**

|   | 2014/2013       |  |                          |  |   |              |                |                          |          | 2013/2012                           |  |                                   |   |                         |                          |
|---|-----------------|--|--------------------------|--|---|--------------|----------------|--------------------------|----------|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
|   | Original Budget | Budget Adjustments<br>(i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| Capital expenditure - Vote                |                 |  |                          |  |   |              |                |                          |          |                                     |  |                                   |   |                         |                          |
| Multi-year expenditure                    |                 |  |                          |  |   |              |                |                          |          |                                     |  |                                   |   |                         |                          |
| Example 1 - Vote1                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 2 - Vote2                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 3 - Vote3                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 4 - Vote4                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 5 - Vote5                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 6 - Vote6                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 7 - Vote7                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 8 - Vote8                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 9 - Vote9                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 10 - Vote10                       | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 11 - Vote11                       | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 12 - Vote12                       | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 13 - Vote13                       | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 14 - Vote14                       | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 15 - Vote15                       | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Capital multi-year expenditure sub-total  | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Single-year expenditure                   |                 |  |                          |  |   |              |                |                          |          |                                     |  |                                   |   |                         |                          |
| Example 1 - Vote1                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 2 - Vote2                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 3 - Vote3                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 4 - Vote4                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 5 - Vote5                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 6 - Vote6                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 7 - Vote7                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 8 - Vote8                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 9 - Vote9                         | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 10 - Vote10                       | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 11 - Vote11                       | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 12 - Vote12                       | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 13 - Vote13                       | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 14 - Vote14                       | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Example 15 - Vote15                       | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Capital single-year expenditure sub-total | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Total Capital Expenditure - Vote          | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                             | DIV/0 %                                | -                                 | -   | -                       | -                        |

**Appendix G4**  
**Budgeted Capital Expenditure by vote, standard classification and funding**  
**for the year ended 30 June 2014**

|   | 2014/2013       |  |                          |  |   |              |                |                          |          | 2013/2012                         |  |                                   |   |                         |                          |
|---|-----------------|--|--------------------------|--|---|--------------|----------------|--------------------------|----------|-----------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
|   | Original Budget | Budget Adjustments<br>(i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. Council approved policy) | Final Budget | Actual Outcome | Unauthorised expenditure | Variance | Actual Outcome as of Final Budget | Actual Outcome as % of Original Budget | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated Audited Outcome |
| <b>Capital Expenditure - Standard</b>       |                 |  |                          |  |   |              |                |                          |          |                                   |  |                                   |   |                         |                          |
| <b>Governance and administration</b>        | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Executive and council                       | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Budget and treasury office                  | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Corporate services                          | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| <b>Community and public safety</b>          | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Community and social services               | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Sport and recreation                        | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Public safety                               | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Housing                                     | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Health                                      | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| <b>Economic and environmental services</b>  | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Planning and development                    | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Road transport                              | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Environmental protection                    | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| <b>Trading services</b>                     | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Electricity                                 | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Water                                       | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Waste water management                      | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Waste management                            | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| <b>Other</b>                                | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| Other                                       | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| <b>Total Capital Expenditure - Standard</b> | -               | -  | -                        | -  | -   | -            | -              | -                        | -        | DIV/0 %                           | DIV/0 %                                | -                                 | -   | -                       | -                        |
| <b>Funded by:</b>                           |                 |  |                          |  |   |              |                |                          |          |                                   |  |                                   |   |                         |                          |
| National Government                         | -               | -  | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                           | DIV/0 %                                |                                   |   |                         | -                        |
| Provincial Government                       | -               | -  | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                           | DIV/0 %                                |                                   |   |                         | -                        |
| District Municipality                       | -               | -  | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                           | DIV/0 %                                |                                   |   |                         | -                        |
| Other transfers and grants                  | -               | -  | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                           | DIV/0 %                                |                                   |   |                         | -                        |
| <b>Transfers recognised - capital</b>       | -               | -  | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                           | DIV/0 %                                |                                   |   |                         | -                        |
| Public contributions & donations            | -               | -  | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                           | DIV/0 %                                |                                   |   |                         | -                        |
| Borrowing                                   | -               | -  | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                           | DIV/0 %                                |                                   |   |                         | -                        |
| Internally generated funds                  | -               | -  | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                           | DIV/0 %                                |                                   |   |                         | -                        |
| <b>Total Capital Funding</b>                | -               | -  | -                        | -  |   | -            | -              |                          | -        | DIV/0 %                           | DIV/0 %                                |                                   |   |                         | -                        |

# Appendix G5

## Budgeted Cash Flows

### for the year ended 30 June 2014

|   | 2014/2013       |   |                          |              |                |          | 2013                                |  |                          |
|---|-----------------|---|--------------------------|--------------|----------------|----------|-------------------------------------|--|--------------------------|
|   | Original Budget | Budget Adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Final Budget | Actual Outcome | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| Cash flow from operating activities               |                 |   |                          |              |                |          |                                     |  |                          |
| Receipts  |                 |   |                          |              |                |          |                                     |  |                          |
| Ratepayers and other                              | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Government - operating                            | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Government - capital                              | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Interest  | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Dividends   | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Payments  |                 |   |                          |              |                |          |                                     |  |                          |
| Suppliers and employees                           | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Finance charges                                   | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Transfers and Grants                              | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Net cash flow from/used operating activities      | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Cash flow from investing activities               |                 |   |                          |              |                |          |                                     |  |                          |
| Receipts  |                 |   |                          |              |                |          |                                     |  |                          |
| Proceeds on disposal of PPE                       | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Decrease (Increase) in non-current debtors        | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Decrease (increase) other non-current receivables | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Decrease (increase) in non-current investments    | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Payments  |                 |   |                          |              |                |          |                                     |  |                          |
| Capital assets                                    | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Net cash flow from/used investing activities      | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Cash flow from financing activities               |                 |   |                          |              |                |          |                                     |  |                          |
| Receipts  |                 |   |                          |              |                |          |                                     |  |                          |
| Short term loans                                  | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Borrowing long term/refinancing                   | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Increase (decrease) in consumer deposits          | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Payments  |                 |   |                          |              |                |          |                                     |  |                          |
| Repayment of borrowing                            | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Net cash flow from/used financing activities      | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Net increase/(decrease) in cash held              | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                | -                        |
| Cash/cash equivalents at the year begin:          |                 |   |                          |              |                |          |                                     |  | -                        |
| Cash/cash equivalents at the year end:            | -               | -   | -                        | -            | -              | -        | DIV/0 %                             | DIV/0 %                                |                          |